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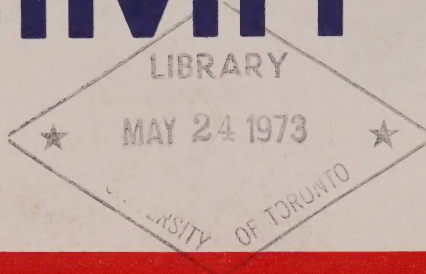


# COMMITTEE ON GOVERNMENT PRODUCTIVITY

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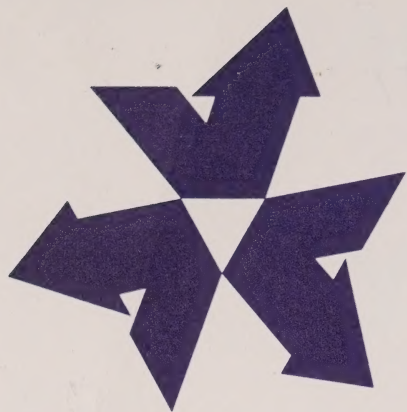
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11

REPORT NUMBER NINE

*Report to the Executive Council  
of the Government of Ontario*

*March, 1973*

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*Chief Executive Officer  
Office of the Premier*





TO HIS HONOUR

THE LIEUTENANT GOVERNOR OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

We, the members of the Committee on Government Productivity, appointed by Order-in-Council dated the 23rd December, 1969, to inquire into all matters pertaining to the management of the Government of Ontario and to make such recommendations as in its opinion will improve the efficiency and effectiveness of the Government of Ontario, submit to Your Honour, herewith, our ninth report containing recommendations relating to a number of areas of study not presented in our interim reports.

*John Slattery*  
Chairman

*H. Ian MacDonald*  
*McLain*

*W. B. Hefferman*

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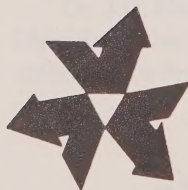
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March, 1973



COMMITTEE ON GOVERNMENT PRODUCTIVITY  
Ontario



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## SUMMARY

### THE MINISTRY CONCEPT

Our Interim Report Number Three made proposals for a new structure of government, the bulk of which have been, or are in process of being, implemented. Much has been learned in a year or so of this practical experience, notably in regard to the ministry concept which is an essential element. Consequently, some amplifying ideas are now offered.

#### Issues that Ignore Organizational Boundaries

Problems arise from the conflict between the vertical structure of the Government and issues that flow across several areas of authority. Parallel problems occur in modified form inside ministries, which, like the government edifice as a whole, contain units varying in number, size and purpose. Anticipating that this interaction of issues across the Government will increase, the Committee urges steps to facilitate and strengthen relationships among the ministries and with involved outside organizations. *Linkage mechanisms* for this purpose need to be forged.

#### Guidelines for Ministry Reorganization

For internal reorganization of ministries through such mechanisms, guidelines are suggested to achieve an appropriate degree of separation of policy development and program delivery; to fashion ministerial policy; to promote interministry policy coordination; and to increase decentralization and regionalization of program delivery.

#### *Separation of Functions*

In the reorganized government structure, ministries remain responsible for drafting policy proposals, which calls for special skills in research and analysis, among other matters. Senior officers still need relief from tasks in order to concentrate on long-range planning. Separation of policy from program delivery would improve both capabilities.

Variants are suggested of an instrument to smooth separation: a *ministry office* (a concept from Interim Report Number Three), a *support secretariat*, or a *senior management committee*. *Task forces* could be appointed to handle exceptional situations. Each approach is briefly described, and other organizational possibilities are left open to investigation. Whichever is adopted would require interministerial cooperation. Specific needs for interministry communication are indicated.



## *Program Planning and Delivery*

Several approaches to a more rational, consistent program delivery system are sketched. One deals with duplication of services among ministries and gaps in service. Effective planning and coordination of programs in particular areas of the province should reflect the needs of all the population, decide what local resources can best serve any particular objective, and harness all the resources available.

New standards should be developed to assess programs for effectiveness. This would necessitate close cooperation among the participating ministries, especially in the evaluation phase.

To heighten program adaptability in response to changing conditions, further decentralization and regionalization are required within the framework of the new managerial environment. While delegation of responsibility is not new to most ministries, its style will be altered by recommendations in various of our reports. These affect such things as post-audit and measurement of output, as well as fresh attitudes to public servants, data processing and other support services. This new approach, pursuing delegation of responsibility and regionalization together, would demand analysis and planning in a number of listed areas. Special related needs in the way of interministry coordination are described.

## **Design for a Ministry Office**

As an illustration of the variable organizational forms suggested in this opening segment of Report Number Nine, a rather more detailed account is given of one of them, the *ministry office*, viewed as a potential reinforcement of the new government structure.

We visualize it as one element in a true ministry system, which is briefly discussed. The staff of the office concerned would support a Minister in managing his organizational units and integrating policy. Besides facilitating relations with the Government's central management agencies, it could assist in the separation of functions foreseen. Analogously, it could prepare the ground for further decentralization and regionalization of program delivery. Moreover, such a ministry office would be admirably placed to improve interministerial relationships, while serving as a disseminator and implementor of policy and technical information on behalf of the central management bodies.

## **AGENCIES**

In a process of gradual growth over a long period, the Government of Ontario has developed something over 300 independent and semi-independent organizations delivering a wide range of government services. For convenience, they are referred to here as agencies. Effective management of these agencies and their coordination with government operations is a many-sided problem of great importance. In view of the Committee's wider preoccupations, its investigation in this case was necessarily very limited in scope.

To establish what constitutes an agency in view of the wide diversity of these special purpose bodies, legal precedents were examined and some are quoted in the report. No conclusive test was found for classifying bodies or corporations as Crown agents or servants.

In the absence of ready-made rules for categorizing agencies, the Committee developed an independent approach to the particular circumstances found in Ontario.

### **Criteria for Inclusion**

By the application of stated criteria, the Committee selected from a multitude of agencies the 300 or so that properly fall within its purview (see Appendix 3). Obviously, among so many, there are borderline cases not easy to classify. The report discusses the anomalous situation of two important types, universities and conservation authorities. This is one of a number of complex questions relating to agencies that point to the need for further research.

Seeking a rationale for the creation of such agencies, the report collects and examines reasons generally advanced for their creation.

At this stage, the Committee reaches the general conclusions that the Government should continue to use and establish agencies to achieve their special advantages; and that all agencies should report through a Minister, to whom their heads should have access. The Government should re-evaluate the need for all existing agencies.

### **Characteristics**

In our effort to put together the framework of an orderly system of titling and classifications, we produced what we believe to be a first grouping of Ontario's government agencies into manageable categories. We hope these will be modified and improved over time.

Having no standard form of organization, these agencies vary widely in size, composition, political control, accountability and other essential features. Some are, in the main, financially self-sufficient, others depend entirely on the Consolidated Revenue Fund.

Pointing to the lack of precision in some existing names, the Committee finds that the name of each of the agencies under discussion here should be reviewed to make sure that the title will henceforth reflect its real principal function.

### **Basic Groupings**

We have classified the bodies conforming to our selection criteria into three main categories:

- ♦ advisory agencies;
- ♦ tribunals, subdivided into administrative and judicial tribunals; and
- ♦ operational agencies, further broken down into commercial and non-commercial.

In the order shown, they account for roughly 24 per cent, 25 per cent and 51 per cent of the total of more than 300.

### **Nomenclature**

Nomenclature is essential to our inquiry in that it involves a fundamental review of objectives. Among a minimum of classifications, names should be easily identifiable with the operations of the agencies concerned, while ensuring that the single designations are readily distinguishable from one another.

#### *Advisory Agencies*

Specialized advice to the Government or to Ministers by experts is increasing as an agency function. Advisory agencies can be influential in the development of government policy. For example, they provide Ministers with an alternative source of advice to that offered by public servants. They also involve more citizens in the processes of government.

Members of advisory agencies should be appointed mainly by the Ministers for whom their advice is intended, after consultation with other Ministers concerned.



*Advisory Committees* is the new title proposed for the present advisory agencies. Members should be appointed for one-year renewable terms, the choice to lie primarily with the Minister to whom the committee in question reports. Re-evaluation of all existing advisory committees should decide whether they are to be continued, modified or wound up.

### *Tribunals*

*Tribunals*, the proposed new name for judicial tribunals, should continue to be relatively independent of the executive arm. Standards of appointment should be those applied to Provincial Judges, with compulsory retirement at 65.

*Commissions*, the proposed new title for administrative tribunals, also need to have a high degree of independence, but with reappraisal and regular turnover of members. Such tribunals should report to the appropriate Ministers. They should be given clear, published policy guidelines, and existing commissions reassessed.

### *Operational Agencies*

These are subdivided into two groups.

Commercial agencies sell a product or service to the public providing an alternative to a product or service offered by the private sector.

Non-commercial agencies are those which do not offer a competitive product or service to the public.

Since policy-making is the prerogative of the Cabinet and the Legislature, operational agencies should receive policy guidelines through the Minister responsible.

For reasons stated in the report, government commercial ventures should have corporate form, with the name *corporations*. Besides being subject to an efficiency audit at regular intervals, they should be re-examined to ascertain whether they might be more efficiently provided by the private sector.

Because of differing activities and funding, two subdivisions proposed for the non-commercial group should be designated respectively *institutes* and *foundations*. Both should be accountable and conform to government policy.

Government commercial services should be priced at their true costs, and non-commercial services should be subsidized. The Government should clearly establish policies for its commercial enterprises, and their

boards should have all possible freedom to concentrate on economic performance. Members should be appointed, and subject to removal, by the Government, which should also authorize all expenditure above a fixed maximum. Any outside auditors appointed should report to the Provincial Auditor as well.

Directors or members of commercial and non-commercial government corporations should have limited terms of office and a proportion of these members be retired annually.

*Mixed Functions*

Despite our classification of agencies in three basic groups, some engage in two or three of the broad functions, with resultant problems. Where possible, the Government should therefore assign one function to each agency. In the event of implementation, a review of agencies with mixed functions should decide on the merits of separating or regrouping the duties. Any such agency should be classified according to its main activity.

The following table lists the new agency categories, with a capsule outline of the activity in each case.

CATEGORY	ACTIVITY
<i>Advisory Committee</i>	provides advice to Ministers and/or ministry officials.
<i>Tribunal</i>	judicial tribunal which adjudicates rights by application of law.
<i>Commission</i>	administrative tribunal which adjudicates rights by application of government policy.
<i>Corporation</i>	engages in activities closely resembling those of commercial corporations in the private sector.
<i>Institute</i>	non-commercial operational agency which engages in research activities.
<i>Foundation</i>	non-commercial operational agency which is funded by private endowment as well as by government monies.

The Committee is satisfied that it has gathered a larger volume of information on agencies than ever before, despite the necessarily limited scope of its inquiry. It foresees that the government reorganization now in progress will lead to calls for a great deal more research. In the same context, the present very compressed summary should be supplemented with a reading of the material in the full report.

## ASPECTS OF DECISION-MAKING

Decision-making among senior management is an important factor in the effectiveness of any organization. Scrutinizing government activity at that level, the Committee interviewed a sample of senior managers about their own experience, their attitudes, problems, frustrations and aspirations. On the related subject of management tools, it looked at the state of the Planning, Programming, Budgeting System (P.P.B.S.) in Ontario.

Managers were able to air some of their concerns, which produced reactions and some recommendations from the Committee.

Among most of those interviewed, intuition and experience were the main influences in decision-making. This fact underlay a reluctance to take advice from academically trained persons. For similar reasons, time pressures were found to play less of a role than was thought.

Superior decision-makers suffered frustration from a number of obstacles to their exercise of authority, which are detailed. Almost all these managers were dedicated public servants with good service as their aim, though it was not obvious how they measured it.

The report describes how issues requiring decision were identified. From the conditions outlined, the need for more interministerial planning through suitable machinery was stressed.

Managers' attitudes to objectives were examined. Though, ideally, they would take account of both government and ministry goals, in some cases they did not relate to either. However, through P.P.B.S., all ministries had begun to develop individual objectives of which senior managers were aware.

Even where objectives were known, confusion existed over government priorities. Although budget-cutting has forced managers to reassess both, they need guidance to follow through. Many suspect unequal treatment, and think Management Board direction inconsistent. Lacking specific instructions, managers have used their own judgment to adopt theoretical targets.

For the most part, alternatives considered were few and evaluation, largely based on experience, was cursory. Though information was not a large factor, some managers had difficulty in obtaining requested information to help solve problems. Quantitative analysts were little used and their services were often resisted.

A major complaint concerned delays or interventions by other departments and their practical and psychological effects. Some managers,



cramped by outside controls, were the kind that would willingly carry more responsibility, given the opportunity.

Few managers assessed results in terms of measuring achievement or effectiveness. There is no doubt that recent budget cuts by the Management Board have brought realistic reappraisal of programs and activities. Lack of performance indicators has made the task more difficult.

### **Committee Reactions**

In the Committee's view, changes in the Public Service environment would significantly improve decision-making. Interim Report Number Six deals in detail with the utilization of human resources.

Spurred by the profit motive, private sector managers work for high levels of output. Their means of measurement are often not available to government managers, some of whom can therefore avoid decisions relating to effectiveness.

As regards the aforesaid delays by central management agencies, while good managers are frustrated, poor managers can use them as an excuse for inadequate performance.

### **Action for Improvement**

Highly important benefits are foreseen by the Committee from the design of a feedback system for managers relating to the results of their decisions. Efforts should also be made to encourage understanding of the advantages for managers in the use of quantitative analysis. Managers gifted with judgment and the power of interpretation should gain added responsibility.

Managements, to develop proper ministry objectives, must be made aware of government goals. Present infrequent use of management committees to devise ministry goals could be extended.

To avoid conflicting interpretations, government goals need to be precisely stated and communicated to all managers affected. Such goals should be continually reappraised and revised as necessary.

### **Annual Estimates**

Realistic budgeting requires a running dialogue between the Management Board and managers. The presentation and substantiation of

estimates is basic to government decision-making. Program managers should be explicitly briefed on their preparation and submission. Such instructions should explain budget targets, as well as indicating objectives and priorities. Together with lists of discretionary and non-discretionary items, the package should show how the Management Board approaches the relevant decision.

Submissions should be based on answers to specific questions and, if rejected, should be returned with advice on reductions and adjustments.

Improvements have come from the creation of the Policy and Priorities Board and the policy committees. Multi-year forecasts are now reviewed by each of the latter and their priorities are then considered and modified from the expenditure standpoint by the Board.

One result is the shift of budgetary emphasis to matters affecting the quality of life, with parallel restraints on spending for health and education programs.

Budgetary ceilings are now imposed on all programs, and submissions will be kept in line with the policies and targets of the Policy and Priorities Board.

### **Interministerial Problems**

Better mechanisms for planning and coordination form a basic intent of the present restructuring of the Government. Since interdependence between ministries is seen as increasing, small interministerial, interdisciplinary teams are advocated to locate relevant projects and make recommendations to the Cabinet. Procedures are needed to deal with conflicts and assign implementation responsibilities.

Annual estimates and ministry objectives are the subjects of particular recommendations.

### **Planning, Programming, Budgeting System (P.P.B.S.)**

Greater authority needs to be delegated to program managers at lower levels to advance the key principle of accountability. P.P.B.S. is one of the management tools needed to aid their decision-making.

Following development elsewhere in the early 1960's, it was adopted as a management philosophy in 1967 by the Ontario Government. Essentially, it involves a breakdown of a management problem into a logical sequence of decision points, tackled in five separate steps listed and discussed in some detail in the report. Attention is focused on attaining

objectives. One of the advantages is that the system is highly compatible with the precise modern methods of quantitative analysis which, in some areas of management, have dramatically improved decision-making. Unfortunately, this quantitative approach is not accepted by many managers owing, among other reasons, to present limited knowledge of its application, and to their own lack of training in the required mathematics or in statistics.

Implementing P.P.B.S. neither has been, nor will be, easy. While it cannot solve all management problems, it can improve the quality of decisions.

More powerful endorsement of P.P.B.S. from the Cabinet level down is required, says the Committee, to overcome managerial hesitancy. Starting from the top, dialogue is needed between the central management agencies, Ministers and their managers on estimates and multi-year plans. Several appropriate steps for advancing P.P.B.S. are described.

P.P.B.S. coordinators should focus on assisting public servants in applying the system. More opportunity for high-grade education in P.P.B.S. and its application should be given to Ministers and managers. Evaluation of managers' performance should include a review of their grasp of the system.

Development of P.P.B.S. should be the responsibility of the Management Board, which should continue to have the analytical capability to review ministry program policy submissions and multi-year plans.

All the measures proposed are seen as advancing the general aim to integrate and coordinate management procedures.

## MANAGEMENT INFORMATION SYSTEMS

At all levels, effective management requires the support of timely and accurate information. Three major problem areas relating to management information were found in the Government. First, certain information is required by all ministries, but there has been duplication in the application of systems designed to handle these common characteristics. Second, present accounting principles impede the ability of managers to operate effectively. Third, present coding systems need improvement.

Four types of information required by managers are outlined, and some indication is given of their use across the Government. One of them, called output information, consists of a variety of measurements or standards showing actual, as against predicted, efficiency or performance of a program. This is not always expressed in common terms, but, since it deals with the performance of government management, is of critical value. A



considerable effort should be made to develop such systems, which would probably bring large rewards in higher productivity.

The Common Object Business Information System (COBIS) is a method of preventing duplication of systems in small and medium-sized ministries evolved by the Government. The Committee feels it should be further elaborated, because such a general system could serve as a basis for handling information with common characteristics in various ministries.

To reduce duplication, a common information system, compatible with P.P.B.S. principles and stressing output, should be developed for the use of managers at all levels.

Design and development of such a system should be assigned to a strong task force with the needed authority and financial resources. A single unit, with the required authority and funding, should operate, modify and maintain the system on behalf of ministry managements and the central management agencies. To meet the needs of all users, it should be located in the Ministry of Treasury, Economics and Intergovernmental Affairs.

In support of the common information system, the Committee recommends the formation of an advisory committee made up of program managers and central management officers to make certain that their joint requirements are met.

The system envisaged should be based on accounting principles that deliver the kind of information needed for the P.P.B.S. approach.

Accordingly, the Committee takes the view that these accounting principles should be defined and approved by the task force before the new system is designed, in a process involving both ministry program management and the central management agencies. These accounting principles should then be applied to the achievement of full costing of programs.

The Committee describes its study of the four-digit common object code now in use by the Government. Discussions with all concerned brought out a number of deficiencies, detailed in the report.

It was concluded that the common object code should be thoroughly reviewed by the task force, modified, or a new code or codes developed to supply the information requirements of the central management agencies as well as ministry management.

A short discussion follows of the evaluation criteria developed by ministries for inclusion in the 1972-73 Estimates. The relative merits of the four classes of criteria are indicated.

If better performance evaluation could be achieved, managers could be given more control of resources. This could then be extended to other levels, which would lead to *management by objectives*, a system by which organizations and individuals are reviewed according to their quantitative and qualitative contribution to agreed objectives. By this route, it should be possible to single out good managers and give them increased responsibility.

Particularly in interministerial problems, mathematical techniques such as simulation modelling can play an important role.

It is therefore recommended that managers should be encouraged to use such techniques to test the consequences of ministerial and interministerial decisions.

## SYSTEMS AND PROCEDURES AS AN ELEMENT OF MANAGEMENT SCIENCE

Systems and procedures (S. and P.) form one of the most important techniques of management science, the purpose of which is to achieve effectiveness in large-scale operations. In addition to the 15 ministries which claim to be using the science, the number of groups applying its techniques is on the increase, an indication that awareness among managers of the benefits of quantitative analysis is growing.

The Management Sciences Branch, established in 1967 to co-ordinate government activity in this field, does not charge for its services which it provides on a first-come, first-served basis. Sudden heavy assignments can thus cause an unduly arduous workload.

Accordingly, the Management Board should coordinate the activities of management science groups, which are correctly placed in ministries. A small responsible group in the Board should undertake investigative studies and implementation projects, and coordinate the development of an education program.

Mechanized systems in use in the Government were documented in Interim Report Number Five on the organization and control of automatic data processing (A.D.P.) The present treatment of the non-mechanized aspect of the systems function complements that study. Both should be considered together.

Scanning the merits and demerits of present practice with non-mechanized systems, the Committee makes a group of recommendations, of which some features are reproduced here.

The systems approach to problems should be integrated into plans devised to meet the program objectives of a ministry or agency. The Management Committee or its equivalent should ensure that adequate resources are provided to achieve these aims. Systems coordinators proposed for the A.D.P. function should also be responsible for advising on all aspects of non-mechanized systems and for processing their services. Managers and potential managers who are interested should be seconded to S. and P. for experience for a period of up to a year.

Detailed discussion is devoted to personnel problems of S. and P. officers, their status in relation to the more glamorous image of automatic data processing, salary questions, and troubles that arise from lack of coordination with the mechanized systems function. Such points form the substance of another group of recommendations.

These urge, among other things, that most of the S. and P. and A.D.P. groups should be integrated in the Ministry of Government Services; that the Management Board should employ separate systems analysts of its own and not charge ministries for studies it initiates; that present government S. and P. courses should be re-evaluated and improved.

Other recommendations make suggestions in regard to the problems of project management, which are discussed at some length.

Here, the Committee expresses the view, *inter alia*, that the Management Board should take steps to coordinate all S. and P. projects so as to avoid wasteful duplication; that projects should combine the services of user and systems staff; that work should be charged to users; that a study of project controls, taking in costs, is needed; that work measurement should be conducted where large numbers of people perform routine clerical duties.

Some technical proposals relate to the updating and improvement of efficiency in the management of government records.

## STATISTICS: A FUTURE SOCIAL BAROMETER

This study of statistics in relation to government points to decision-making as a vital area of application, discussing seven important connected offshoots of use: basic research; aid in policy-making; budgeting and planning; a general administrative aid; to assist in the operations function; to comply with legislation; and to meet the requirements of public accountability.

Every ministry performs some sort of activity which it considers statistical. Most have decentralized their staffs, while several have a central statistical branch. Most ministries employ less than a dozen professionals and



clerks in all; two ministries reported having over 200 non-professionals for surveys and statistical records.

The Ontario Statistical Centre (O.S.C.) is one of the largest employers of professional help among the statistical organizations in the Government. Besides providing information for the Ministry of Treasury, Economics and Intergovernmental Affairs, it attempts to exert a co-ordinating influence on data collection and analysis throughout the Government, as well as other specific functions.

According to the Committee's survey, about \$7 million is the annual cost of professional and clerical staff.

Each ministry tries to meet its own requirements. Most would welcome improved cooperation, to minimize duplication and make the best possible use of government statistics.

### **Interaction between Statistics Canada and the Government of Ontario**

The Statistics Act of the Government of Canada of 1971 allows for more cooperation with the provinces in the collection and exchange of statistics than in the past. Among the three safeguards cited, one states that the provincial agency must be subject to standards of confidentiality at least as strict as those applying under the Statistics Act of Canada; breaches are subject to penalties. Ontario's Statistics Act (1962-63) also has provision for joint statistical activity with other Canadian Governments, with a rather less severe confidentiality provision. Already, there is a close working relationship with Statistics Canada.

Comparison of the two Acts shows that Ontario, in order to obtain confidential information from Statistics Canada, must alter its legislation.

To achieve several objectives, therefore, the Committee proposes new and stronger legislation to replace the existing Ontario Statistics Act. Formation of a new Ontario Statistical Bureau (O.S.B.) is the centre-piece.

### **Organizational Alternatives**

Among its three possible choices for an organizational design, the Committee opts for an arrangement by which the O.S.B. would become a centralized agency with decentralized research groups offering the best mix of desirable features without any serious disadvantages. The proposed objectives and functions are outlined.

Under the selected arrangement, the proposed O.S.B. would have sole responsibility for conducting all government censuses and authority to perform and control the gathering of government statistics.

Taken together, the two actions described would allow the exchange of confidential data with Statistics Canada.

### **Functions and Scope of Activities**

In rather extensive detail, the report lays out what and how much the new O.S.B. should do. From this discussion, there emerges a list of desirable functions, of which only selected essential features are given here.

The proposed O.S.B. should collect appropriate data for the economic policy and planning functions; direct and coordinate statistical activity; control all survey activities and conduct censuses; contribute statistical and analytical expertise of high quality; protect the confidentiality of data; work jointly with Statistics Canada.

As a further element in the new statistical organization foreseen, each ministry would appoint a coordinator — reporting to a senior manager — to maintain liaison with the proposed O.S.B. Apart from this main function in its various aspects, the coordinator would have time for other statistical duties, if needed.

### **Organizational Placement**

After contrasting the advantages of two alternatives, the Committee suggests that the O.S. B. would best be located in the Ministry of Treasury, Economics and Intergovernmental Affairs as the sole organized statistical agency in the Government. Consequently, the existing power on the part of ministries to gather statistics independently should be rescinded.

### **Continuity and Staff**

Having dealt with proposals for financing the new O.S.B., the report outlines steps to maintain statistical continuity while it is brought into existence.

On the subject of staffing needs, the Committee points out that, since the Bureau would play a very important role in gathering data for economic and policy planning, all its senior managerial positions should be open to competition. It should be placed under the direction of a person of outstanding ability, chosen primarily for skill in management and communication, who should possess a good knowledge of statistics.

## INTERCHANGE OF PERSONNEL BETWEEN THE PUBLIC AND PRIVATE SECTORS

This section harks back to recommendations in earlier Interim Reports advocating development of top administrators and a higher calibre of managerial effectiveness. Both goals can be achieved through training of existing staff and by the introduction of able persons from outside.

A policy of interchanging managers of middle and higher rank between the Public Service and commercial or industrial undertakings would materially advance these objectives. Moreover, as government operations are affecting the business world more and more, the policy would further understanding of government activity in the private sector.

A brief review is given of the long association of academic and professional people with government, parliaments and legislatures, as well as the more recent phenomenon of consultancy and special studies by experts from the private sector on behalf of government. Similar opportunities are provided by such bodies as the project groups created by the Committee itself.

Other governments in Canada and elsewhere have developed and applied such interchange programs, notably the two programs of Interchange Canada which are administered by the Public Service Commission of Canada: the Executive Interchange Program and the Career Assignment Program. Parallels in the United Kingdom and the U.S.A. are also cited.

Advantages likely to accrue to both parties to the proposed Ontario interchange program are emphasized. They are both practical and atmospheric in nature. Effort on both sides is needed to achieve solutions to the social and economic demands that are made on governments today by the populations they serve. Special knowledge and experience in both camps could be mutually beneficial.

Effective manpower and planning are now developing in both sectors. This will help to dispose of fears that persons involved in such an interchange might suffer loss of seniority or career status. Salary scales today in all sectors are broadly comparable.

In recommending such a program, the Committee points out that an interchange of personnel would not only be a means to develop managers in both the public and private sectors, but would also promote a better understanding among all concerned of operations on both sides.



## INTRODUCTION

All of our eight Interim Reports already published represent a consistent evolution from principles set out in the first three. Their essential aim is to redirect the complex operations of the Government of Ontario, expanded so rapidly over the past quarter of a century, under a flexible, contemporary management system designed to bring the best possible service to the people, now and in the foreseeable future.

That general intent is maintained in the content of the present volume.

The opening chapter on the Ministry Concept concentrates on the integration and coordination of government activity, not only at the top level and throughout the ministry echelons but across the government structure. By suggesting several possibilities in design, our treatment affords the Government flexibility of choice at this formative stage of reorganization.

In the Committee's approach to the subject of agencies, the reader will find us conscious of the fact that this frequently used extension of modern government has crept up on administrations almost unobserved over a period of decades to serve public needs. Like most organizational patterns, these agencies require periodical reshaping, adjustment and new directions to meet changing conditions. We have urged further research.

Decision-making lies at the core of the government process in these fast-moving times, just as it is central to all other enterprises of scale. We saw it as an essential component among the adjuncts to government that are discussed in this publication.

Information Systems and Systems and Procedures are in a way two facets of one technique which aims at order and logic in the management of undertakings of large scope. Both are instruments directed at efficiency and effectiveness.

Statistics have been regarded up to now by many people as a rather arid discipline, intelligible only to experts and mainly useful for material goals. A new, warmer and more forward-looking conception of their application to government and its purposes is expressed in the closing sentences of our treatment of the subject, if we may be pardoned for quoting them here:

In our view, statistics and statistical services, as applied by government in the future, should reflect and, perhaps, anticipate the changing attitudes and needs of

society. We feel that economic statistics have proved to be imperfect social indicators and that new social indices can be developed.

Because of swift technological advances in communications and electronic data processing, gauging public opinion is likely to become a much more rapid process. Such improved instruments should be used by government as means of heightening its sensitivity and responses to the requirements of society and as aids in raising the quality of its services. We believe that, in pursuit of these aims, all government surveys should be made public at the time they are delivered to the appropriate authority.

No government, no management, is better than the people who fuel its activity. Our Interim Report Number Six on the utilization of human resources arose out of a quest for excellence in the Public Service. The identical aim is served by our advocacy of interchange programs as a continuing source of vigour and renewal in both the public and the private sectors. Ontario can gain immeasurably from their combined operations.

## THE MINISTRY CONCEPT

In our Interim Report Number Three, which proposed adoption of the ministry system in the Government of Ontario, we briefly examined a number of concepts for the future which, in a process of evolution, could further advance and refine coordination of policy. It was pointed out that the elaboration of such concepts would call for far-reaching changes and early experimentation. In view of experience already gained in the application of the ministry concept as a whole, we feel that the time is now ripe to present a more detailed examination of some amplifying ideas.

### Issues that Ignore Organizational Boundaries

That earlier report, in its approach to the new ministry concept, discussed stresses arising from the conflict between problems overlapping several areas of authority and the vertical organization of the Ontario Government as a whole. This difficulty is sometimes encountered in a similar, though less complex, form in ministries. Such ministries are made up of a varying number of organizational units and agencies which are diverse in size, structure and purpose. Regardless of this diversity, the problems and issues engaging the attention of each of the units are often closely interrelated. Complicating the conflict is the fact that some government agencies (a subject which will be discussed at length later in this report) are, or see themselves as being, virtually autonomous.

It seems to us beyond doubt that the interrelationship of problems and issues across the government structure may be expected to grow as time goes on. We are therefore strongly of the opinion that, in dealing with interconnected policies and programs, and having in mind the overriding objectives of integration and coordination, the Government should foster improved relationships, not only among provincial ministries but with involved outside organizations as well. The instruments needed to facilitate and strengthen such relationships can usefully be called *linkage mechanisms*.

### Guidelines for Ministry Reorganization

In keeping with the aim to develop such mechanisms, we should now look at the internal requirements and external relations of ministries and consider forms of change from which they could benefit.

Ministries need to concentrate on certain guidelines in planning and implementing internal reorganization. They should:

- ♦ devise mechanisms to bring about practicable separation of



responsibilities relating to policy development and those covering program delivery;

- ♦ install mechanisms for the effective development of ministerial policy; such mechanisms should reflect the concerns and objectives of all programs, including those of government agencies, within the portfolio;
- ♦ use suitable linkages to achieve interministerial coordination on policy matters of common interest before proposals arising from them are submitted to the policy field committees;
- ♦ develop means to increase the capability of individual ministries to decentralize and regionalize program delivery, wherever appropriate.

### *Separation of Functions in the Context of Policy Development*

One of the basic purposes of the restructuring of the Government was to give the policy field committees a vital role in the policy-making process. Nevertheless, the primary responsibility for constructing policy proposals rests with the individual ministries. To discharge this responsibility with the best results, ministries will be required to develop the necessary expertise, including skill in research and policy analysis, as well as the most effective methods for formulating sound and relevant policy.

A recurring criticism of the former departmental structure was that officers concerned in shaping policy were also heavily involved in its day-to-day implementation. The effect, which the new ministry system has reduced but not yet eliminated, is to pre-empt time and effort needed for long-range thinking and policy planning. Daily *ad hoc* preoccupations also impede managers in their objective assessment of policies which they have helped to formulate.

A possible solution would be to separate the two functions to the extent that this is feasible in practical terms. It is evident that complete isolation of policy development from its implementation would be neither desirable nor possible. That does not alter our view that a separation of the primary responsibilities for policy-making and program delivery would improve both capabilities in a ministry.

### *Possible Approaches to Separation*

As we see it, the separation of functions which we favour could be achieved by a variety of means, according to the special circumstances and needs of any particular ministry.

A clear-cut separation could result in the evolution of an organization which could be called a *ministry office*, a *support secretariat* or a *senior management committee*. Alternatively, if need arose to deal with a situation of an urgent and complex nature, a *task force* could be appointed to investigate quickly and make recommendations.

The *ministry office* idea was one of those put forward for future examination in Interim Report Number Three which we mentioned earlier in the present discussion. As now envisaged, a ministry office would assemble the decision-making responsibility and skills required for policy development within the compass of a small staff working in direct association with the deputy minister concerned. Under this arrangement, the program managers in the ministry would be freed from direct involvement in the decision-making process.

We shall expand later on this concept of a ministry office.

Organizational separation of policy-making from program delivery could also be achieved through the creation in a ministry of a *support secretariat* which would bring together the skills needed for policy analysis and development for short-term as well as long-term application.

A third appropriate instrument would be a *senior management committee* in any ministry, to consist of the Minister and high-level managers. It would be the function of such a committee to effect the separation of functions required and to ensure the smooth working and harmony of both elements.

Obviously, whatever approach is ultimately adopted, if the search for improved policies and more responsive programs is fully to bear fruit, open communication between the two groups must be maintained and strengthened, regardless of their separate functioning. In fact, complete and continuing communication is essential to the success of the common objectives.

Where a task force is thought suitable to deal with specific issues, it could be representative of all parts of the ministry, as well as coopting members from outside. It would report to those responsible in the ministry for final decisions on matters of policy.

It should be added that the four forms of organization we have suggested do not exhaust the possibilities of variation.

### *Policy Coordination among Ministries*

Policy development is critical to the future success of the ministry system. It is therefore important that the means employed to achieve the

best in policy development be based on a clear understanding of the needs and capabilities of the ministry concerned. Moreover, the method chosen should guarantee full participation of all the ministry officers connected with, and knowledgeable in, the areas of policy under consideration, as well as a full flow of communication among them. This communication process, in addition to functioning as a channel for all useful viewpoints, would provide a means for testing policy against a background of practical reality.

Although our comments here apply primarily to the internal requirements of ministries, interministerial linkages are no less vital. If lack of such linkages should lead to badly developed or poorly coordinated consideration of policy, this could result in inefficient use of the policy field committees.

### *Information*

Acquiring information to support research and analysis for policy planning is a need confronting every ministry. On many issues and problems, a large reservoir of basic information already exists in various government organizations, such as the Ministry of Treasury, Economics and Intergovernmental Affairs, research units of individual ministries, libraries and so on. With so much material readily available, it is manifestly a waste of time and effort to start gathering information from scratch for any particular project without consulting other sources. Conversely, available information, if not collected and used, can mean inadequate, ineffectual policy analysis. Because the potential benefits are so great and so obvious, ministries should give serious consideration to finding ways and means of sharing and utilizing tested and accurate information available throughout the Government, wherever it may be found.

### *Specifics of Communication among Ministries*

In this regard, a number of specific needs demand attention. Ministries are responsible for ensuring adequate communication with other ministries on policy issues of an interministerial nature, in advance of their consideration by the policy field committees. Meeting this responsibility calls for certain capabilities on the part of any ministry:

- ♦ awareness of policy proposals under development in other ministries which impinge on responsibilities of the ministry in question;
- ♦ the ability to recognize other ministries, within or outside its own policy field, which would have an interest in any policy position under development by the ministry concerned;
- ♦ means to communicate such developments quickly and clearly to other interested ministries;



- ♦ the ability to select appropriate mechanisms for continuing communication, or cooperative planning and coordination, among ministries on such related policy matters.

Again, whatever the organizational unit in a ministry that may be designated to deal with policy responsibilities, and taking into account the nature of the policy issue involved, individual ministries should assign among their own officers responsibility for communication with other ministries, as well as for interministerial policy coordination, on any specific question.

### *Program Planning and Delivery*

A more rational, consistent approach to policy development is one of the primary objectives of our recommendations taken as a whole. Yet such an approach in itself will not resolve two important problems: unnecessary gaps in service and duplication of services among ministries. The translation of policy into broad program design can often result in support for a supposedly new programming item which is already in operation or under development in another ministry.

Further, the planning and coordination of government programs for a specific area of the province should not only reflect the needs of its population, but should also harness all relevant resources available there. Ministries thus have a powerful additional reason for developing adequate linkage mechanisms at all planning levels with related ministries and non-governmental agencies.

The same close consultation is needed to determine what resources in any given area can best serve a particular programming objective.

It is pertinent to make a point here that will be argued more fully elsewhere in this report. An essential corollary to the new approach to management which we have recommended is the necessity for ministries to assess the effectiveness of their programs. In cases where more than one ministry is engaged in a program, perhaps with the collaboration of outside organizations, new evaluation standards will be required to measure the effectiveness of both the single elements and the whole. Responsibilities and objectives should be firmly established and clearly assigned. Cooperation and coordination among the participants should be a built-in feature of such joint programs from their inception and throughout, especially in the concluding evaluation phase. Particularly during this assessment of weaknesses and strengths among the parties, which will be a delicate but vital exercise, a special effort in enlightened cooperation will be needed.

### *Program Delivery in the New Managerial Environment*

It was pointed out in Interim Report Number Three that the

government structure should be highly adaptable to public needs, of which, as we have noted, change is likely to become a constant characteristic. Consequently, we supported the principles of further decentralization and regionalization as dual means for improving program delivery. In the light of experience in the development of individual ministries, this position can now be amplified.

Decentralization of managerial responsibility can have a number of advantages; among them:

- ◆ enhanced responsiveness to public needs at the local level;
- ◆ greater flexibility in program delivery;
- ◆ it serves the vital purpose of freeing more time for senior officials to concentrate on development of policy, assessment of the suitability and effectiveness of programs, and the preparation of guidelines and procedures, thus advancing the entire drive for better management.

Decentralization implies delegating real power of decision to people engaged in delivering government programs, naturally within approved policy guidelines from the ministry involved. Such guidelines should be clearly drafted and communicated to all concerned.

Increased delegation of responsibility is not a new concept in most ministries. How this mode of management will differ in the future will result from the effects of recommendations emerging from the various reports of this Committee. Such recommendations will considerably expand possibilities for delegation of managerial responsibility. What we have in mind here are such matters as:

- ◆ the principle of post-audit;
- ◆ the requirement to measure program output;
- ◆ new approaches to human resources, data processing and other support services.

We therefore continue to support increased decentralization within the framework of the new, evolving managerial environment. This approach will call for detailed analysis and planning in several contexts:

- ◆ improvement of management information systems;
- ◆ upgrading of persons responsible for managing ministry programs;
- ◆ development of effective communication mechanisms within ministry administrative guidelines;

- ♦ greater availability, where needed, of specialized skills to managers.

Although delegation of responsibility is again primarily a matter for each ministry, it is important to plan in a framework of interministerial relationships. Thus, in areas of related responsibility, ministries should consult together so that the decentralization plan in any ministry is widely known and understood. The levels of delegated responsibility in related ministries must be equally well known and understood, so that the process of linkage and communication with such ministries can be developed and encouraged.

Regionalization of program delivery systems also has our strong support. We recognize that many services of government are already regionalized, while others do not lend themselves to the process. Regionalization of programs in itself does not necessarily imply that responsibility for their delivery should be delegated. Nevertheless, in the interests of flexibility and to make the presence of responsible managers more tangible, both processes should be furthered at the same time. Our aspiration is that regionalization, coupled with more delegation of responsibility, shall produce programs which are highly sensitive and responsive to the diverse public needs of the province and in harmony with the broad aims of government policy.

It is worth repeating that success in this direction will call for a clear understanding in any ministry of the regionalization plans of related ministries. Consequently, any ministry, when planning decentralization, should have a clear picture of the decision-making arrangements at various levels in related ministries, so that they can be turned to practical use and common advantage.

### **Design for a Ministry Office**

Having emphasized the variety of possible approaches to the problem of separating policy-making from program delivery, we feel it may be helpful to enlarge a little on one of them, the ministry office concept, without prejudice to the others.

Before we proceed to discuss this proposed new element in the structure, we may, perhaps, be permitted to outline the main features of what we call a true ministry system.

Such a ministry would embrace:

- ♦ a ministry office responsible for directing and coordinating the affairs of the ministry;



- ♦ a ministry executive group composed of the Minister and deputy minister and forming part of the ministry office;
- ♦ a small, highly qualified group of public servants within the ministry office, to be known as the ministry staff, whose function it would be to maintain a balanced perspective among all the roles of the ministry in relation to policy, priorities, legislation, integration, and senior appointments, *inter alia*;
- ♦ administration units, i.e. new organizational units replacing the traditional departmental structure; and
- ♦ government agencies in their present form.

With this sketch design in mind, we can now look further at the ministry office concept, but from the standpoint of expanding ideas put forward earlier rather than for the purpose of making specific recommendations.

It was suggested in our Interim Report Number Three that the ministry office, as a potential reinforcement of the new government structure, might have immediate applicability, with particular reference to the integration of policy-making and its implementation.

A Minister, with a ministry office at his disposal, would have the staff capability to manage the various organizational forms within the ministry, i.e. the traditional departmental structure as well as the related agencies<sup>1</sup>. He would likewise be in a position to gather information on the policy and operation of all organizational units under his control, with the general objective of integrating policy within the ministry. Proposals regarding these agencies form the subject of a later section of this Report Number Nine.

Further consideration of the ministry office as an organizational form has confirmed our view that opportunities do exist for its almost immediate introduction in certain ministries. In other cases, it would not be appropriate at this time.

### Objectives of a Ministry Office

The ministry office would be designed to:

- ♦ provide added support for a Minister to enable him to strengthen his control over the direction and coordination of the ministry's affairs;

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1. The term *agencies* will be used throughout in the generic sense to cover agencies, boards and commissions.

- ♦ integrate policy among the organizational units within a ministry;
- ♦ facilitate and systematize the relationships between the central management agencies of the Government, such as the Management Board on the one hand and the ministries on the other;
- ♦ develop effective means of separating policy-making from program delivery in the ministry context;
- ♦ lay the groundwork for further decentralization and regionalization of program delivery.

### *Added Support for a Minister*

It is a commonplace in our Government and others that Ministers, as Chief Executives of ministries, face heavy inroads on their time. Although, under the policy field system now operating, they enjoy support in policy development in the broader sense, they are still responsible for, and play the principal role in, the development of policy in their respective ministries. At the same time, they continue to have responsibility for its implementation. Furthermore, there is a manifest need to integrate the activities of individual ministries and to exert greater political control over the agencies within their portfolios. Achievement of these aims will require additional expert support for Ministers.

### *Integration and Coordination of Ministry Policy*

A dominant theme of this report, already heavily stressed, is the importance of interministerial relationships as a means of achieving tight integration of government and ministry policy.

Here, therefore, it need only be emphasized that a ministry office of the kind we foresee would be specifically directed at this indispensable objective.

### *Central Management and the Ministry Office*

One very crucial aspect of management affects 300 or so government agencies with which this Committee has been concerned. When change or innovation requires that all of these be informed as well as, and at the same time as, the ministries, an enormous burden of communication falls on the central management bodies of the Government. Equally, the resultant flow of information back to the centre from the many administrative units within ministries devours time and effort. When such exchanges take place with a large number of agencies, the task is immensely diffuse and its management correspondingly complex. Even if communication on this scale

is successfully accomplished, there still remains the formidable job of monitoring implementation of the changes throughout the Government.

A ministry office could act, within the portfolio, as a disseminator and implementor of management policy and techniques on behalf of the central management bodies. This would not only ease the burden on these central bodies but would provide a mediative link between them and the operating units. Moreover, it would be a much simpler matter for the central management bodies to build a close relationship with the limited number of ministry offices than with individual government agencies. As confidence developed on both sides, a substantial delegation of monitoring authority to the ministry office staffs would take place naturally. Relieved of a huge but essential communication task and working in concert with the ministry offices, the central management bodies could then concentrate more fully and effectively on their main responsibilities.

As regards the two other goals we advocate, namely delegation of authority and decentralization of government administration, the establishment of ministry offices would provide an effective means for advancing those aims.



## AGENCIES

### Background

Over the course of many years, the Ontario Government has established a succession of independent and semi-independent organizations to provide a wide range of government services. These organizations are known by various titles ranging from agencies, boards and commissions to special purpose bodies. For brevity and convenience and in the interests of a systematic approach, we shall refer to them here simply as agencies.

It will be recalled that our mandate as a Committee was to inquire into all matters concerning the management of the Government of Ontario and to make appropriate recommendations. Within that broad charge, one of our concerns in Interim Report Number Three on the structure of government was the management of these agencies, mainly in the context of the integration and coordination of government operations.

Through the application of criteria which will be explained later, it quickly became evident to the Committee that the agencies falling within the scope of its mandate reached a total of something over 300. Merely to examine the management practices and requirements of more than 300 government-related organizations of this kind represents a research task of very large proportions. In this connection, it needs to be remembered that our assignment covered a study of the entire range of government activity and its management. These two facts together imposed unavoidable restrictions on the time that could be devoted to agencies. Moreover, as our examination progressed, we became increasingly convinced that the role of agencies as such would call for a great deal more research, perhaps on a continuing basis, in the future. We believe that such research would be highly rewarding in terms of a better understanding of the structure and processes of government. Our present treatment of agencies should be viewed, therefore, as an attempt to deal on a limited scale with a many-sided and complex aspect of modern government.

A key feature of any study of Ontario's agencies is their great diversity. Taking account of this factor, of their numbers and of their largely legislative origin, we concluded that the legal ground relating to these organizations needed to be cleared as a prelude to any detailed approach to their operations.

Our enquiries to this end yielded a solid body of factual material which, we feel, is valuable enough to go on record here. In addition to providing some guideposts for public servants and others concerned with agency functions, we hope it will serve as constructive background for the work of those who, in our footsteps, may have to come to grips at some later stage with this complex of problems.

## Legal Considerations

In the process of determining whether an organizational unit is an agency, there are, from the legal standpoint, a number of factors that may be looked at. Some of these are:

- ♦ whether the function performed by the organization was previously a private or a governmental function or is an entirely new function;
- ♦ the nature or type of the organization set up;
- ♦ whether the purpose of adopting such organization was to establish independence or to maintain control;
- ♦ the appointment and remuneration of members of the organization;
- ♦ the ownership of any property required in performing the function of the organization;
- ♦ the mode of employment of staff;
- ♦ the source of funds for the operation;
- ♦ the controls exercised by the government over different phases of the operation, such as budgets, employment, acquisition or disposition of property, contracting and day-to-day operations; and
- ♦ to whom and to what extent the organization is accountable for its operations.

In the final analysis, the question comes down to whether the agency function is maintained as merely a private function or, if a public function, as a strictly governmental operation.

The difficulty in applying these criteria is that, taken separately, they have no absolute or determining value. The weight to be attached to each depends on the circumstances of each case. It is the aggregate effect of all these factors taken together in the particular context that determines the status of the organizations.

It is easier to explain the problem as it existed prior to the Crown Agency Act before dealing with the Crown Agency Act itself.

There are several hundred cases in Canada and in the rest of the Commonwealth in which the status of organizations as possible agents of the Crown was an issue. We can best illustrate the type of consideration given by the courts by citing extracts from three of these cases.

In *The City of Montreal v Montreal Locomotive Works Limited*, [1947] 1 Dominion Law Reports (D.L.R.) 161, the question was whether an industrial plant owned by the Crown operated by Montreal Locomotive Works Limited to produce military vehicles was occupied by the Company on its own behalf so as to render it taxable or whether the Company merely occupied the property as a servant of the Crown so that legally the real occupier was the Crown. The operation was, of course, a normal industrial operation and was carried on by an ordinary company but under a contract with the Crown which specified the company as an "agent" of the Crown. It was argued that, although this was the formal description of the company, nevertheless in substance it was not an agent or servant. Lord Wright, speaking for the Privy Council, stated:

"In earlier cases a single test, such as the presence or absence of control, was often relied on to determine whether the case was one of master and servant, mostly in order to decide issues of tortious liability on the part of the master or superior. In the more complex conditions of modern industry, more complicated tests have often to be applied. It has been suggested that a fourfold test would in some cases be more appropriate, a complex involving

- (1) control;
- (2) ownership of the tools;
- (3) chance of profit;
- (4) risk of loss.

Control in itself is not always conclusive. . . In many cases the question can only be settled by examining the whole of the various elements which constitute the relationship between the parties.

"In this way it is in some cases possible to decide the issue by raising as the crucial question whose business is it, or, in other words, by asking whether the party is carrying on the business, in the sense of carrying it on for himself or on his own behalf and not merely for a superior.

"...But in reviewing in the present case the contracts which are the determining matters, their Lordships, with great respect to the Judges below who have taken a different view, find themselves in agreement with the judgment of the Supreme Court. The combined force of the whole scheme of operations seems to them to admit of no other conclusion. The factory, the land on which it was built, the plant and machinery were all the property of the Government which had them appropriated or constructed for the very purpose of making the military vehicles. The materials were the property of the Government and so were the vehicles themselves at all stages up to completion. The respondent supplied no funds and took no financial risk and no liability, with the significant exception of bad faith or wanton neglect; every other risk was taken by the Government.

"...The accuracy of the positive announcement in each of the contracts that the respondent was acting throughout under the contracts for and on behalf of the Government and as its agent cannot be controverted."



This was an ordinary commercial corporation that was held to be an agent of the Crown under contract.

In general where a corporation is established by statute to carry out a particular function and it is specifically provided that it is an "agent of the Crown", this will be conclusive as to its status as such agent. On the other hand the statute may be silent as to whether the corporation is an agent of the Crown and its status must be determined by analyzing its substantial relationship to the Crown.

In the case of *City of Halifax v Halifax Harbour Commissioners*, [1935] Canada Supreme Court Reports (S.C.R.) 215, the question arose as to whether the Halifax Harbour Commission occupied the harbour at Halifax on its own behalf and was taxable as the occupant or whether it was merely an agent or servant occupying the property on behalf of the Crown. Chief Justice Duff stated:

"I agree with the view. . .that the relation of the respondents to the Crown, in respect of the occupation for which they have been assessed, is of such a character as to constitute that occupation an occupation 'for the Crown' . . .

"To state again, in more summary fashion, the nature of the powers and duties of the respondents:

"their occupation is for the purpose of managing and administering the public harbour of Halifax and the properties belonging thereto which are the property of the Crown;

"their powers are derived from a statute of the Parliament of Canada; but they are subject at every turn in executing those powers to the control of the Governor representing His Majesty and acting on the advice of His Majesty's Privy Council for Canada, or of the Minister of Marine and Fisheries;

"they cannot take possession of any property belonging to the harbour property without the consent of, and only upon such terms as may be imposed by, the Government,

"they cannot acquire property or dispose of property without the same consent; they can only acquire capital funds by measures taken under the control of the Government;

"they can only apply capital funds in constructing works and facilities under a supervision and control, the character of which has been explained;

"the tolls and charges which are the sources of their revenue they can only impose under the authority of the Government;

"the expenditure of revenues in the maintenance of services is under the control and supervision of a Government Department; the salaries and compensation payable to officers and servants are determined under the authority of the Government;

"the regulations necessary for the control of the harbour, the harbour works,

officers and servants, the proceedings of the Corporation, can only take effect under the same authority; the surplus of revenue after providing for costs of services and the interest on the debenture debt goes into a sinking fund under the direction of the Minister;

"finally, they are appointed by the Crown and hold office during pleasure.

"I cannot doubt that the services contemplated by this legislation are not only public services in the broad sense, but also, in the strictest sense, Government services; or that the occupation of the Government property with which we are concerned is...an occupation by persons 'using' that property 'exclusively in and for the service of the Crown.'"

In contrast with these cases is the case *Re Taxation of University of Manitoba Lands*, [1940] 1 Dominion Law Reports (D.L.R.) 579, in which it was held that the University of Manitoba is not an agent of the Crown in right of Manitoba. Mr. Justice Robson stated:

"In one sense I suppose it is true that every corporation is an emanation from the Crown but that is a different thing from being an arm of the executive government.

"It may be quite true that the Crown exercises a prerogative of naming a majority of the board of governors; that it appoints the chancellor after nomination by the committee on nominations; that it annually makes large financial augmentations and that the main buildings are on Crown property; but nevertheless neither the appointment of authorities nor the grants of funds in aid of education are necessarily inconsistent with the independence of the University as an institution of higher learning.

"It is not to be imputed to the Crown that any of its acts or subsidies would be actuated by any motive of direction, let alone control of the University's free scope in its normal sphere of action."

It should be noted that current terminology speaks of an "agent or servant of the Crown", not of an "emanation from the Crown", as in the judgment just cited.

The Crown Agency Act of Ontario, Revised Statutes of Ontario (R.S.O.) 1970, c.100, provides:

- 1) "In this Act 'Crown agency' means a board, commission, railway, public utility, university, manufactory, company or agency owned, controlled or operated by Her Majesty in right of Ontario, or by the Government of Ontario, or under the authority of the Legislature or of the Lieutenant Governor in Council.
- 2) "A Crown agency is for all purposes an agent for Her

Majesty and its power may be exercised only as an agent of Her Majesty."

Thus, the definition of "Crown agency" is in such wide terms that it cannot be given effect to in full. For example, it is clear that every commercial corporation incorporated in Ontario under The Business Corporations Act is a company operating "under the authority of the Legislature". Obviously, these corporations are not intended to be included in the definition. The best conclusion that we have been able to draw as regards the effect of the definition of "Crown agency" in The Crown Agency Act, i.e. "owned, controlled or operated" by Her Majesty, is that substantially the same criteria must be applied to determine whether a body is a Crown agency as were applied prior to the enactment of that statute to determine whether it is a Crown agent or servant.

From the foregoing, it will be seen that there is no conclusive test for classifying bodies or corporations as Crown agents or servants. We have nevertheless quoted the extracts from the judgments given above in the belief that the reader will probably gain from them a fairly practical understanding of the problems. The major factors are:

1) the nature of the function performed;

whether it is of a type that is usually performed as a government service or whether it is such as is usually considered, even though it may be a public function, not to be a function of government;

a contrast here may be made between the management and operation of Crown properties and the operation of universities which traditionally under our system have enjoyed academic independence;

2) the extent of the control exercised by Ministers over the operations of the body or corporation;

whether a Minister is, or Ministers are, empowered to control the day-to-day operations or their management or is the body or corporation independent of control other than the usual controls by law or by regulation imposed on ordinary private businesses;

here again the universities afford an example of an independent public authority;

although they may be recipients of Crown grants or users of Crown property, their operations as academic institutions have not been directly controlled by or on behalf of the Crown.



It emerges clearly from the legal material we have introduced here that no ready-made set of rules or principles exists for the classification of government agencies. Accordingly, armed with this legal knowledge and on the basis of our own investigation, we have developed an independent approach to the particular circumstances found in Ontario.

Within this framework, we shall first examine the rationale by which the agencies have been established. We shall next endeavour to group the agencies within broad categories. Third, in full awareness of the fact that our analysis has been neither as deep nor as probing as we should have wished, we shall nevertheless make some recommendations for the future organization and use of agencies by the Government.

### **Criteria for Inclusion**

As previously indicated, we applied specific criteria in deciding which agencies, among the number of various kinds existing in Ontario, fell within the purview of our mandate.

As this report goes to press, there are something over 300 agencies most of which are directly or indirectly associated with ministries. These are listed in Appendix 3 in relation to their controlling ministries. One or both of two considerations operated in the compilation of this list, which is inclusive rather than exclusive:

- ♦ whether some or all of the officials of the agency were appointed by the Lieutenant Governor in Council; and
- ♦ whether or not the head of the agency maintained a reporting relationship to a Minister of the Crown.

In addressing ourselves to the multiplicity of organizations of this type that have been created through the years in response to evolving public needs and altered circumstances, we have by implication drawn a line between provincial government agencies and local government agencies. This may be regarded by some as an arbitrary distinction and may consequently be criticized on the ground that, by adopting this standard, we have excluded some agencies which appear to satisfy our main criteria.

An anomalous situation exists in relation to two types of organization, namely universities and conservation authorities. In the case of the first of these, we have felt unable to avoid the inclusion of some universities in our catalogue of existing agencies because they obviously meet our criteria in certain respects. At the same time, we cannot fail to be aware of the heavy emphasis placed on their independence by the Manitoba judgment cited which is, of course, strongly endorsed by common ideas of

academic freedom. As regards conservation authorities, we have again had to adopt the ambiguous posture of classifying them, at least for the time being, as agencies of local governments. Obviously, by current notions of ecological management, as well as by some of our stated standards, a good case could be made for considering such conservation authorities as agencies of provincial governments. Some interested parties will, no doubt, argue strongly that such bodies do, indeed, meet our criteria.

Important questions follow from our distinction between provincial government agencies and those of local governments. For instance, where should the line be drawn, and what should be the relationship of provincial agencies to local government agencies, and local government agencies to provincial ministries? We shall return to this topic later.

Also excluded from our list were Standing Committees of the Legislature, Royal Commissions, and interdepartmental committees to which, for whatever reason, the term agency may have been applied.

In the course of our study, 75 of the agencies catalogued were examined in some detail for the purpose of establishing their functions, their composition and the enabling legislation by which they were created. A dozen or so were made the objects of somewhat deeper study so that we could ascertain the criteria and rationale by which they were set up, and what roles they had played in the past and could assume in the future. Some of our findings follow.

### **Rationale for Establishing Agencies**

Provincial agencies are not a new feature of Ontario life, indeed the Hydro-Electric Power Commission of Ontario, the largest of those at present in existence, was established over half a century ago in 1906. Only since 1945 has there been a significant rise in their numbers. This is true not only of Ontario but of other parts of the country; it is a development that reflects the pervasive growth of governmental activities arising in part from the complexity of modern society. However, this clearly is not the only reason.

When we examine the whole trend towards the evolution of agencies, we find little evidence of standardization in enabling legislation, organizational form, naming or designation, composition of membership, or reporting relationships. This diversity, though often criticized, has its strong advocates on the score of allowing for great flexibility in supplying services to the public as new needs develop from changing conditions.

The proliferation of agencies with the attendant delegation of powers has been seen by some as contributing to a diminution of

parliamentary control and ministerial responsibility. This was a major concern of the Gordon Commission in 1959 when it held that no agency, however large or important, should operate beyond the control of the Legislature.

In view of such considerations, it is pertinent to ask why governments have chosen to set up structures outside the traditional departmental form of organization. What advantages were foreseen? What is to be the future of such organizations, if any?

Among the aspects of agency functioning that are often advanced as reasons for the establishment of such bodies outside the normal departmental structure are the following:

- ♦ administrative advantages, such as the ability to avoid the rigidities of official personnel regulations; this is important when it is realized that at the present time agencies account for some 40 per cent of all persons employed by the Government of Ontario;
- ♦ agencies often have greater freedom in financial matters than departments; it is argued that such flexibility in personnel and financial administration favours more efficient and effective management;
- ♦ greater ease in handling contractual and commercial arrangements for program development, experimentation and delivery of services to the public;
- ♦ a position of independence in relation to partisan politics which is essential for the performance of certain functions of a judicial or quasi-judicial nature;
- ♦ the agency form reduces the need for additional portfolios and ministries; it thereby acts as a brake on the unrestricted growth of big government;
- ♦ agencies provide means for flexible responses to public requirements;
- ♦ they offer a channel for raising revenue in the form of premiums, fees and other charges, which seem to gain public acceptance more readily than direct, general taxation;
- ♦ agencies facilitate the development of intergovernmental programs;
- ♦ they represent practical instruments for responding to local, sectional or regional interests;
- ♦ where groups or individuals in the population have special



interests in particular programs, an appropriate agency is an avenue by which they can convey information and advice to the government or achieve direct participation in the management of a program(s);

- ♦ use of the agency organization permits a government to undertake commercial activities, where needed;
- ♦ in the many and increasing cases where contemporary government programs cut across different areas of jurisdiction, the agency is an instrument that promotes integration and co-ordination with a minimum of conflict;
- ♦ agencies constitute outlets for the sheer volume of government business, which appears to be on the increase.

In general, the Gordon Commission felt that agencies, as one technique of government, had been a useful device and that they supplied the capacity and flexibility needed for the performance of certain government functions that are not possible within the departmental structure. In our view, these conclusions retain their validity.

We therefore recommend that:

**12.1 The Government of Ontario continue to use and establish agencies to achieve the special advantages which result from this organizational concept.**

**12.2 All agencies report to the Legislature through a Minister.**

To facilitate the reporting process and make it effective under the new government structure, we feel that the head of an agency should have access to the Minister to whom the agency in question is accountable.

We further recommend that:

**12.3 The Management Board re-evaluate the need for each and all of the existing government agencies.**

## Characteristics of Agencies

It should be noted here that one of our chief purposes in approaching the task of analyzing the nature of agencies was to put together, within the limits of the possible, the framework of an orderly system of titling and classification. Our raw material consisted of a large number of organizations of extremely varied origin and character. Many of these, having sprung up almost spontaneously in answer to new and, perhaps, urgent needs, were then labelled in accordance with precedent or official

phraseology current at the time. Few of the names, probably, were ever intended to fit neatly into any logical arrangement.

What we have achieved with this rather intractable material is the first draft of a scheme designed to mould these bodies into manageable categories. Knowing that our choices of names may not be definitive, we offer them in the hope that they will be improved in a continuous process over time of discussion, modification and, if need be, replacement. We do not regard them as in any sense ideal or final.

### *Characteristics*

Wide variations are found among the statutory agencies in regard to responsibilities, size, composition and administrative practices. No standard form of organization exists.

Political control and accountability vary greatly. Some agencies report direct to a Minister or to a deputy minister. Some are closely controlled by elected officials, while others, though operating under what appears to be a tight reporting relationship, enjoy considerable independence. Still other agencies have no relationship with a Minister or ministry or only slender links.

Appointment to the office of chairman or as a member of a board of directors is generally made by the Lieutenant Governor in Council, on the recommendation of the Premier or of a Minister. Some are full-time appointments, others part-time. Some appointees receive annual salaries, others *per diem* payments, still others no remuneration at all apart from reimbursement for their expenses. Persons may be appointed to serve during the pleasure of the Government or for a set period. Some members may be public servants, while in other cases private individuals may make up the entire board.

Personnel practices differ considerably, especially in agencies to which the Public Service Act does not apply. Whereas some agencies have full-time officials, others operate with part-time staff and still others use ministerial facilities. The staffs include public servants in the sense of the Public Service Act as well as Crown employees. Salaries, employee benefits, pensions and collective bargaining practices not only vary among the agencies, but very often contrast with those applicable in the ministries to which they report.

In financial matters, some agencies with their own sources of revenue are substantially self-sufficient; others are wholly dependent on the Consolidated Revenue Fund. In the main, practice in the use and disposition of revenue is inconsistent, and gradations occur in the extent of capital financing and control by the Government.

Procurement and tendering practices not only differ among the agencies, but often do not conform to those set by the Government for its ministries. Variations in approach are also found in the submission of annual reports, estimates of expenditure and audits.

### *Clarification of Function*

If we look at one essential aspect of present nomenclature, we find that the title of an agency does not always precisely indicate its function. For example, the Farm Machinery Board and the Ontario Council of Health both provide advisory assistance to the Ministers to whom they report, yet one is called a board and the other a council. We feel it would be helpful to the public and those doing business with any agency if its primary function could easily be recognized from its designation.

We therefore recommend that:

- 12.4 The existing title of each agency within the compass of this enquiry be reviewed, with the object of ensuring that the title will henceforth reflect the real principal function of the agency concerned.**

### *Procedure*

Our procedure has been to examine the present nomenclature, group agencies performing broadly similar functions, and suggest appropriate group subheadings according to function.

After a brief study of each category for the purpose of describing its essential characteristics, recommendations will be made on a number of related topics:

- ♦ future nomenclature;
- ♦ reporting status of agencies in relation to ministries;
- ♦ appointment of members of the board of directors.

### **Basic Groupings**

For all the reasons outlined, we have elected to classify agencies into three main categories:

- ♦ advisory agencies;
- ♦ tribunals;
- ♦ operational agencies.



For purposes of clarity, tribunals — that is, agencies concerned in one way or another with citizens' rights — are further subdivided into administrative tribunals and judicial tribunals. Similarly, the operational group has been broken down into commercial and non-commercial agencies.

Of some 300 agencies, 24 per cent are advisory, 25 per cent are tribunals and 51 per cent are operational bodies. All the figures given are approximations. We shall examine each of the types listed above, as well as the problems of mixed agencies by which more than one type of activity is carried out.

### **Future Nomenclature**

Pursuing further our aim of achieving clarity and relevance of nomenclature while reducing to the minimum the number of needed classifications, we sought names for the various subgroupings which

- ♦ would easily be identified from common practice with the actual operations of the agencies concerned; and
- ♦ would ensure that the single designations were readily distinguishable from one another.

These principles have been observed in the following discussions of the subgroups and the recommendations that flow from them. Concentration here on nomenclature is essential in that it involves a fundamental examination and review of an agency's objectives.

### *Advisory Agencies*

Specialized advice to the Government as well as to individual Ministers is increasing as an agency function. Appointees to agencies of this type are usually selected on the strength of expert knowledge or because they represent particular constituencies. Examples of such agencies are:

The Minister's Advisory Committee on Geriatric Studies;

The Ontario Economic Council;

The Labour Safety Council;

The Ontario Council of Health;

The Pesticides Advisory Committee;

The Minister's Advisory Council for Treatment of the Offender.

Agencies of this character are often established to provide Ministers with an alternative source of advice to that originating from public

servants; or their findings may be used as independent evidence by public officials to reinforce or check their own advice to Ministers.

Advisory agencies can play an influential role in the development of government policy. Two cases in point, among many, are the Minister's Advisory Council for Treatment of the Offender and the Committee on University Affairs.

Advisory agencies do valuable service as communication channels between government and public and can facilitate coordination of effort and liaison between the public and the private sectors. They are also practical devices for involving more citizens in the processes of government.

For these reasons, among others, we feel that use should and will continue to be made of such agencies in the future.

Because an advisory role is the express function of agencies in this category, they should for the most part be appointed by, and report to, the Minister for whom the advice is intended; but prior consultation with other ministers affected should be sought before such appointments are made. Where such agencies report to a civil servant, the Minister(s) concerned should ultimately be involved in the appointment and should be accountable for their activities. In the case of some such appointments, the Premier may wish to exercise his personal prerogative. We feel that this is appropriate.

As regards participation in advisory agencies, we favour a frequent turnover of membership. This could be achieved by limiting the duration of appointments to one year, which would result automatically in the retirement annually of a proportion of the members. Such a policy would not only have the advantage of involving more people in the business of government, but would enable a Minister or a Provincial Secretary to benefit from having a blend of experienced and relatively new members on his advisory agency.

In conformity with the broad principle expressed in our recommendation 12.3, we believe that the need exists for a re-evaluation by the Government of all existing advisory agencies to decide whether they should be continued in their present form or be modified or wound up. Consideration of the following points could contribute to that re-evaluation and help to shape the terms of reference that might be thought desirable for future agencies of this type:

- ♦ objectives for the agency should be explicitly stated;
- ♦ where possible, agencies should be created for a fixed period of time;

- ♦ reporting relationships within a ministry should be clearly delineated;
- ♦ members should be chosen according to their ability to handle the task and on the strength of possessing a particular body of knowledge or by reason of being representative of interest groups;
- ♦ each agency should be monitored to ensure that it functions effectively and that its members remain representative and committed to completing its tasks;
- ♦ the public should be reminded from time to time, say, on an annual basis, of the availability of such agencies and of their specific roles and objectives, perhaps through publication of lists of active agencies, offering highly condensed profiles of each;
- ♦ advisory agencies should be provided with the resources needed for the fulfilment of their roles.

In accordance with our suggested standards for the choice of nomenclature, we therefore recommend that:

**12.5** Advisory agencies be designated as *advisory committees*.

**12.6** Members of advisory committees be appointed for one-year renewable terms, the choice to be primarily in the hands of the Minister to whom the committee in question reports.

In connection with such appointments, we favour arrangements by which any other Ministers affected are brought into consultation in advance, with the object of widening the range of opinion on the selection and suitability of potential candidates.

We further recommend that:

**12.7** Frequent turnover in membership be encouraged.

### *Tribunals*

Many functions of government are concerned with adjudicating, arbitrating, licensing, regulating, investigating, inquiring, compensating and reviewing. For some of these activities, a high degree of independence is desirable and the agency, from the organizational standpoint, has shown itself to be a suitable instrument for such purposes. Examples of agencies of this type are:



The Family Benefits Board of Review;

The Liquor Licence Board;

The Assessment Review Court;

The Ontario Municipal Board.

Within the broad category of tribunals are two main subgroups characterized by the nature of their activities: judicial tribunals arrive at decisions in accordance with the governing rules of law and consequently require some independence vis-à-vis the political process; the second subcategory, generally known in legal terms as administrative tribunals, make their findings on the basis of government policy.

### *Judicial Tribunals*

Bearing in mind the judicial character of these tribunals, we feel that their function should continue to be relatively independent of the executive arm of the government. They should, however, report to a Minister. An example of this type is the Land Compensation Board.

In view of the importance and public nature of the members of judicial tribunals, appointments to these should be made by the Lieutenant Governor in Council. For such appointments, like those to the judiciary, independence and impartiality can be encouraged and to some extent guaranteed by security of tenure. With this end in view, we suggest that the same standards for appointment and removal be applied to members of judicial agencies as are used in the case of Provincial Judges. Retirement at 65 should be compulsory.

Accordingly, we recommend that:

- 12.8 Judicial agencies be designated as *tribunals*.**
- 12.9 Members of tribunals be appointed by the Lieutenant Governor in Council to serve during good behaviour; that they be subject to the same conditions for removal as Provincial Judges; and that they hold office until retirement at the age of 65 years.**
- 12.10 Each tribunal report to the Minister responsible for the administration of the Act by which it is constituted.**

### *Administrative Tribunals*

In dealing with the need for agencies such as this, the Gordon Commission in 1959 stated that while the Government should not escape

responsibility for fixing policy and standards, it should not become involved in particular cases that were brought before agencies set up to administer the policy in question. Thus a high degree of independence on the part of agency members coupled with government control of general policy questions appear to be essential features of administrative tribunals.

Obviously, in the event that the government policy were not clear, these two characteristics could conflict. Moreover, conflicts might also arise if members were not prepared to conform to changes in government policy. Consequently, a mechanism for reappraising members is desirable so that they can be replaced in case of need. In the interests of flexibility and to ensure wider participation, it seems appropriate that a certain percentage of them should be moved at regular or staggered intervals so that members' terms would expire at different times. Typical examples of such agencies are the Ontario Securities Commission and the Ontario Highway Transport Board.

Tribunals in this administrative subcategory should also report to the Ministers responsible for administration of the Acts by which they are constituted. Although members would normally be appointed by the Lieutenant Governor in Council, it should be the Premier's right to exercise his prerogative unless he specifically delegates this responsibility.

Mindful of our general purpose of achieving all possible clarity in the use of names, and to sharpen the distinction between the policy-based rulings of agencies in this subgroup and the more specifically judicial findings of the agencies discussed previously, we are proposing for this subgroup the term *commissions*.

We therefore recommend that:

- 12.11 Administrative tribunals be designated as *commissions*.**
- 12.12 Commissions report to the Minister responsible for the administration of the Act by which they are constituted.**
- 12.13 Regular turnover of members be encouraged.**
- 12.14 Clear policy guidelines for commissions be publicized.**
- 12.15 Members be appointed by the Lieutenant Governor in Council.**

Designation by the Government of particular agencies as tribunals or commissions would be made for administrative purposes and should, of course, have no bearing on the legal status, duties or functions of such agencies in matters of law affecting them.

### *Operational Agencies*

Operational agencies can be divided into two broad subgroups: commercial and non-commercial.

Commercial agencies are those which provide a product or service to the public at a price. The product or service offers an alternative to a commercial product or service made available by the private sector. Non-commercial agencies are defined as those agencies which do not offer a competitive product or service to the public.

Fifty-one per cent of all existing agencies can be categorized as operational. Some of them have fairly informal structures; others are public corporations with a recognized legal status. In some instances, their membership is made up entirely of public servants, for example:

The Ontario Municipal Improvement Corporation;  
The Ontario Education Capital Aid Corporation;  
The Agricultural Rehabilitation and Development Directorate.

Others, such as the Ontario Food Terminal Board and the Ontario Stock Yards Board, are composed of persons outside the public service.

We endorse the continued use of operational agencies to deliver government services to the public for two main reasons:

- ♦ they allow greater flexibility than ministries in the handling of matters of personnel and administration;
- ♦ they appear to have greater scope than ministries for involving citizens in their particular spheres of responsibility.

In the past, many operational agencies have become participants in the shaping of policy as well as program delivery, an aspect which was touched upon in our Interim Reports Numbers Two and Three. We see policy-making as rightly the prerogative of the Cabinet and the Legislature.

Operational agencies should have clear policy guidelines, and the Minister responsible for each agency concerned is the channel through which these guidelines should be made known.

Agencies, as we have indicated, form one element of ministries. It is therefore useful to repeat here that the heads of such agencies need ready access to the Minister to whom they are responsible. The Minister concerned should be familiar with the work of each agency for which he is answerable, but it is neither necessary nor desirable for him to be a member of the board of management of the agency.



### *Commercial Agencies*

The Government of Ontario has long been involved in activities of a commercial nature which can usefully be viewed as instances of public, in contradistinction to private, enterprise. Notable examples of such public enterprise include:

The Hydro-Electric Power Commission of Ontario;

The Liquor Control Board of Ontario, which provides a service for marketing and distributing alcoholic beverages, so competing in part with other wholesaling and retailing organizations;

The Ontario Northland Transportation Commission and its subsidiary, Star Transfer Ltd., the separate GO Transit Branch, and the airline organization NorOntario, all four of which come under the jurisdiction of the Ministry of Transportation and Communications and provide transportation services, among others; and

Ontario Place and the Niagara Parks Commission, which offer recreation and entertainment services.

For a variety of reasons of an economic as well as social nature, the Government has become involved in, and competes with, the private sector in one of three ways or by combinations among them. First, it has given incentives to firms in the private sector to help achieve objectives which the Government felt to be in the public interest. Second, it has licensed or regulated firms in the private sector. Third, it has gone into business for itself.

Government commercial agencies are comparable in many ways with their counterparts in the private sector, though not in all respects. Privately owned corporations have evolved into their present organizational pattern partly because of the advantages of limited liability and perpetuity, and also to gain access to large amounts of share capital. These features are less relevant to government enterprise. The exigencies of management have also contributed to the development of the corporate form. While there may be some aspects of private sector activity that are not compatible with public operations, we believe that the Government should look closely at the corporate model to see whether it might not be usefully adapted for application to government commercial agencies, now in existence or to come.

Certain advantages would appear to flow from the corporate form. Important among these is the emphasis on economic criteria for effective

performance. Furthermore, if the corporate pattern were adopted, private sector managers could transfer more easily to the public sector to work.

In the light of these considerations, we recommend that:

- 12.16 Government commercial ventures be organized in the corporate form.**
- 12.17 That, for ease of recognition, such commercial agencies be called *corporations*.**
- 12.18 An efficiency audit, conducted by the Management Board, be applied at regular intervals to the commercial activities of the Government.**

From the arguments favouring our last three recommendations a further inference arises. Emphasis on the corporate form for public business ventures and on the desirability of an efficiency audit suggest that effective suppliers of some of the services concerned might be found in the private sector. One or two pertinent considerations are worth bearing in mind here.

First, once a government commits itself to regulating or owning commercial or industrial enterprises, a subsequent reduction in the degree of its involvement becomes a difficult and complicated matter. Second, projections of government expenditure and income indicate that costs are rising much faster than revenues. Moreover, our reports have directed attention to the need to associate the private sector with government operations.

We therefore recommend that:

- 12.19 Existing commercial activities of the Government be examined for the purpose of ascertaining whether they might be more efficiently provided by the private sector.**

Some government enterprises which, on the surface, appear to be corporations are essentially agencies distributing grants and benefits. Examples are the Ontario Municipal Improvement Corporation and the Ontario Universities Capital Aid Corporation. Other government corporations are now used primarily as an aid to the formation and implementation of government policy. Revenues produced by some organizations of this type cover only a small part of their total financial requirements. Where an agency performs incidental commercial activities which play only a small role in its main objectives, there is little justification for resorting to the corporate form.

### *Non-commercial Agencies*

Non-commercial agencies can be subdivided into two general types. The first of these carry out activities related to research. One example is the Ontario Cancer Institute, Princess Margaret Hospital.

Some of the agencies in the second of these subgroups may be financed from private endowments as well as public money. Instances of these are the Ontario Mental Health Foundation, the Royal Ontario Museum and the Art Gallery of Ontario. Operational agencies of this kind may or may not be involved in research activities.

We recommend that:

- 12.20 The two subgroups of non-commercial agencies described in this report be designated respectively as *institutes* and *foundations*.**

Here, as in other categories, we feel that it would be beneficial if the Government maintained a broad basis of representation. Frequent turnover is bound to bring new outlooks and perspectives and provide closer and more effective links with the public.

Accordingly, we further recommend that:

- 12.21 Appointments to commercial and non-commercial agencies be made by the Lieutenant Governor in Council.**
- 12.22 Members of boards of directors of commercial and non-commercial agencies serve for limited terms only; and that a proportion of these members be retired annually.**

### **Subsidization**

Public enterprises may be used to implement government policy in other areas. For example, the Government's objectives in Northern Ontario could perhaps be furthered by an arrangement requiring the Ontario Northland Transportation Commission to transport goods at less than cost. There is nothing undesirable in this, but it raises problems. First, the evaluation of enterprises which combine profitable and unprofitable activities is difficult. Second, hidden subsidies add complications to decision-making.

We therefore recommend that:

- 12.23 Government commercial services or products be priced at their true costs; and that non-commercial activities be subsidized.**



Government commercial enterprises should be accountable to the Legislature through the Minister to whom they report. It is important that the Government clearly establish and publicize the broad policy framework and objectives within which the enterprise is to work. While adhering to that framework, the board of directors should be given considerable latitude to concentrate on economic performance. The Government should retain the right to influence and monitor that performance.

We therefore recommend that:

**12.24 The Government clearly establish and publicize policies for government enterprises to follow; that, within such policies, boards of directors be given as much freedom as possible to concentrate on economic performance; and that the Government's powers over such enterprises include:**

- a) the appointment and removal of members of the boards of directors;**
- b) the approval of all by-laws issued by the boards;**
- c) authorization of all expenditures and commitments in excess of a fixed maximum.**

In line with the policy of granting a degree of autonomy to boards of directors and to managers, agencies should have the right to use the services of the Provincial Auditor or appoint outside auditors, to be paid out of the revenues of the enterprise in question. If they opt to make use of outside auditors, these should be approved by the Provincial Auditor. The Hydro-Electric Power Commission of Ontario, for example, appoints its own auditors, which report to that Commission. While the Government is able to demand information from the auditors, it is not clear how far this right would apply to the Opposition Members of the Legislature because the auditors do not report to any person or group to whom Opposition Members have direct access.

To ensure such access, we recommend that:

**12.25 Where outside auditors are appointed by government enterprises, the auditors report to the Provincial Auditor as well as to the enterprise by which they are hired.**

### **Agencies with Mixed Functions**

We have classified all agencies of the Government under three

main headings: advisory agencies, tribunals, and operational agencies. However, it should not be overlooked that some agencies engage in two or even three of the broad functions concerned. The Workmen's Compensation Board, the Ontario Food Terminal Board and the Liquor Control Board of Ontario, for example, all perform quasi-judicial as well as operational functions.

Two problems arise from this mixture of functions. First, the activities may be incompatible with each other. A classic example of this occurred at the federal level after World War II when the C.B.C. found itself operating a radio network while at the same time regulating the activities of private radio stations. Second, different functions require managers with different aptitudes and different interests. When functions in a single agency are mixed, there is a great danger that one responsibility may tend to be favoured at the expense of another, simply because of divergent interests among its members.

For these reasons, we recommend that:

**12.26** Wherever possible, the Government assign only one function to any one agency.

**12.27** Those responsible for implementing the government re-organization review all agencies which perform more than one function, with the object of determining whether it is practical and more efficient to separate or regroup these functions.

**12.28** Any agency with mixed functions be classified according to its predominant activity.

## Summary of New Nomenclature

In the following table, the activity of agencies in each of the new categories is outlined in capsule form.

CATEGORY	ACTIVITY
<i>Advisory Committee</i>	provides advice to Ministers and/or ministry officials.
<i>Tribunal</i>	judicial tribunal which adjudicates rights by application of law.
<i>Commission</i>	administrative tribunal which adjudicates rights by application of government policy.
<i>Corporation</i>	engages in activities closely resembling those of commercial corporations in the private sector.
<i>Institute</i>	non-commercial operational agency which engages in research activities.
<i>Foundation</i>	non-commercial operational agency which is funded by private endowment as well as by government monies.

We realize that not all existing and future agencies may fit neatly into the nomenclature as proposed. Indeed, if the proposals in question are accepted, the implementation process and the recommended review by the Management Board may well point to a need for additional categories.

### Further Research

As we come to the end of this study of the government agencies, it is useful to recall the premises from which we set out. Our objectives were restricted by the size and scope of the subject, especially when viewed against our mandate to report on the management of the Government of Ontario as a whole. For the very reason that our attention has been focused on management, we have refrained from investigating other aspects of agencies which certainly merit examination. Fundamental examples are:

- ♦ the distinction we drew between provincial and local government agencies and the questions arising out of that differentiation;
- ♦ the status of agencies in relation to the Consolidated Revenue Fund;
- ♦ how they are affected by the Public Service Act;
- ♦ their position as regards the Public Service Superannuation Fund.

There is no dearth of other topics.

We feel satisfied that our analysis offers a larger accumulation of detailed information than has ever been gathered in Ontario. It seems to us, too, that our recommendations constitute highly practical guideposts towards more intensive study of the multitude of activities in which these agencies are engaged. Consequently, there is no doubt in our minds that the present reorganization of the government structure, as it proceeds, will generate requests for a great deal more research across the whole field of agency services.

### Conclusion

Diversity is the outstanding feature of the 300 or so agencies of the Ontario Government now in existence. As we have noted, this characteristic makes for an organizational instrument of great flexibility with other manifest advantages. Nevertheless, the very variety of the origin and nature of these agencies gives rise to difficulties in regard to their management on a systematic basis. In our view, the proposal to associate



them consistently with the new ministry pattern through the Ministry Offices or their variants which we envisage would be conducive to more orderly control. In the same way, the recommended re-evaluation of agencies, as well as the suggested changes in nomenclature, should help to correct some of the disadvantages that have arisen as the result of gradual growth over a long period. In the process, the agency form would be revitalized for contemporary and future tasks.

We are happy to have provided a foundation which can be built upon and a mould capable of being shaped to accommodate future situations and reappraisals.

## ASPECTS OF DECISION-MAKING

### Introduction

“An important factor in the effectiveness of any organization is the decision-making of its senior management.” That viewpoint, stated early in our Interim Report Number Three on the crucial subject of the structure of government, is a recurring theme running through all publications in this series. We feel that it warrants further consideration at this stage.

In preparation for this, a sample of senior officials were interviewed to gather material about the daily practice of government managers in Ontario, their experience of management, their attitudes, problems, frustrations and aspirations. The information obtained indicated, among other things, some lack of application of modern methods of decision-making and a need to direct more attention at consequences that arise from ineffective communication between central control agencies and managers at various levels.

On the related topic of management tools, we looked into the present state of the Planning, Programming, Budgeting System (P.P.B.S.) after some five years of use by the Ontario Government.

Our findings have not prompted a treatise on decision-making, if only because the technical literature on that subject is already large and growing rapidly. We feel, rather, that we shall be doing a service to government managers if, against a reconstructed general picture of their activities, we indicate some of their concerns, and give our reactions.

### Observations on Decision-making

We had four main reasons for concentrating on the decision-making process at the senior management level, particularly on decisions dealing with policy and the allocation of resources:

- ♦ policy-making and budgeting, being functions common to all ministries, provide opportunities for comparing the approaches of different managers to comparable decisions;
- ♦ recent economic stringency has heightened pressure on senior managers to allocate funds with maximum effectiveness;
- ♦ the introduction of the P.P.B.S., with its emphasis on clarifying policies and setting objectives, is a good foundation on which to examine decision-making in relation to ministerial policy;

- ♦ the restructuring of government resulted in some realignment of responsibilities for decision-making.

### *Attitudes of Managers*

Interviews with managers were based on the general assumption that a good decision-maker is continuously on the alert for possible improvements, readily making decisions and accepting responsibility. Conversely, a poor decision-maker does not take decisive initiatives. These underlying principles were clearly borne out by our sample of government managers.

Among almost all of the managers interviewed, intuition and experience played the largest role in the decision-making process. We found that this dependence has consequences.

First, several managers were not aware of the value of sophisticated analytical techniques.

Another result was that little mention was made by the managers of time pressures, although we had anticipated that time would act as a serious constraint on decision-making. Reliance on intuition was the apparent explanation. If a manager depends mostly on intuition, with little information-gathering and little analysis, then decisions can quickly be made under no apparent time stress.

In our experience, the better the decision-maker, the more frustrated he appeared with his seeming inability to exercise authority. As causes for their frustration, these managers pointed to:

- ♦ lack of clear policy guidelines;
- ♦ inadequate control over the means of carrying out their responsibilities, such as physical assets, funds, and personnel; this was seen as due to interference from central control groups such as the former Treasury Board, the Civil Service Commission or the former Department of Public Works;
- ♦ perceived inequities in allocation of funds, through which some programs were cut while others were expanded without explanation.

Almost all of these managers believed that the work of their ministries was beneficial to the public. They were intent on providing the best possible service, although it was not obvious how they measure its quality. In fact, the dedication of such men exerts an upward pressure on expenditure. In their judgment, if their current outlay provides vital and good service, then the Government should be ready to approve increased spending to achieve more and better service.



*Observations on the Decision-making Process*

As we expected, issues requiring decisions were detected in a variety of ways. Internal issues were found by the decision-maker or were referred to him by superiors. Issues relating to the service provided by his ministry were indicated by staff sources, by Members of the Legislature or by outside complaints. Issues due to budget estimates or cuts were usually brought to his notice by the Management Board and the Policy and Priorities Board. Since this study was undertaken, the policy field committees of the Cabinet have become another important source.

Some decisions were necessary responses to requests or suggestions for new service from the public or from the staff. Other decisions were the product of crisis situations. If a manager had foreseen problems and had taken corrective action, fewer crises resulted. Such a manager would, typically, have given the problem in question some thought and collected pertinent information before a crisis occurred.

Most managers accepted the political aspects of government as necessary and desirable. Political feedback was depended upon quite heavily to outline new problems or indicate the need for new programs. Most managers therefore looked to input from Members of the Legislature because they felt that their service was geared to the public, which legislators represent. This approach works well if legislators are sensitive enough to perceive trends and act on them quickly. When managers make decisions under political pressure or in crisis, ineffective decisions may result.

Many managers depended on members of their staff to keep them informed of public reaction to services. This poses the question: can opinion gathered by those who themselves provide a service be considered reliable comment? Managers with objectives that are not easily measurable may also cause inadequate feedback mechanisms.

Decisions may be prompted by instructions from other agencies. An area of decision we examined in detail was the way program managers reacted to budget cuts initiated by the Management Board. Some managers interviewed expressed confusion over these instructions. They complained that they were incomplete, giving no reasons, objectives or guidelines.

We observed difficulties in delineating problems affecting several ministries. Often the ministry which identified a problem did not have sole responsibility and lacked full information. Yet if one ministry directed the attention of another to a problem, this could possibly become a cause of friction. In the event that a ministry observed a problem affecting others, no machinery existed to indicate which others would be involved and to what extent. This was left to the judgment of the individual decision-maker. Because of the absence of appropriate machinery, the process of devising

solutions to interministerial problems took up a great deal of time. No one person or ministry had the power to follow up on any solution or its implementation.

Many people emphasized to us the importance of interministerial planning. Most felt that, while planning should be a joint process, individual ministries could effect implementation.

### *Approaches to Objectives and Alternative Solutions*

In looking at objectives in decision-making and at the quest for alternative solutions among government managers, we had in mind some points made in a publication of the former Treasury Board, *Effective Management Through P.P.B.S.*, which can be broadly summarized as follows:

- ♦ an objective is the aim of a particular action;
- ♦ the objective should be defined in a way which will encourage the development of alternative means to achieve it;
- ♦ the objective should suggest ways to measure and control the effectiveness of various alternatives;
- ♦ individual objectives are part of a pattern of government goals at various levels, directed at achieving effective service to the public; all of these objectives — governmental, ministerial, program, activity and subactivity — should therefore be tested against each other for consistency, completeness and realism.

Obviously, then, objectives can serve as important criteria in aiding a manager to evaluate alternative solutions. If any solution devised is to benefit an organization as a whole, its objectives should not conflict with the immediate objectives of one manager. Ideally, a decision-maker should be aware of government objectives as well as those of his own ministry.

In some cases, we found, managers did not relate either to government or to ministry objectives in making decisions.

Many reasons were put forward: that the future is too uncertain for the formulation of clear aims; that the environment is too complex; that stating objectives would reduce political flexibility, and leave the Government open to criticism if stated goals were not met. Some managers even questioned whether the Government knew its own objectives. Most managers simply deduced them by intuition.

Nevertheless, all ministries had begun to develop ministry objectives and the senior managers were aware of these. In most cases, however, these objectives, being too broad and not phrased in explicit terms,

were not used in major decisions. In other words, the objectives did not envisage alternative solutions.

Even where objectives were known, there was confusion over the Government's priorities. Most managers, while realizing the impossibility of considering their own area of responsibility in isolation, saw that awareness of the totality in itself offered no answers. The budget-cutting was effective in forcing managers to take a hard look at objectives and priorities, but they needed guidance to follow through with a reappraisal of ministry activities. Many managers, being inadequately informed, suspected inequities which they could not explain. Management Board direction was considered by some to be inconsistent. This brought us a typical question: "Why should my department, providing vital services to the people, be forced to cut back, while another department is allowed to undertake an unimportant, new program?"

Absence of specific instructions on budget-cutting affected the shaping of the objectives. Managers were forced to adopt theoretical targets which might not have been correct. For example, several managers regarded certain objectives as appropriate:

- ♦ maintain present level of permanent staff;
- ♦ reduce only those programs which can easily be expanded again;
- ♦ maintain the existing level of service;
- ♦ avoid decisions with serious political implications, even though these had to be guessed at or deduced from experience.

In other words, lacking clear objectives or specific instructions, managers relied on their own judgment in selecting criteria.

From our observation, the number of alternatives considered was limited and evaluation was cursory. Sometimes, the choice was restricted by a manager's working environment. In the atypical cases where several alternatives were considered, the managers enjoyed considerable discretion in managing funds. Among such instances were one-time projects or public relations projects.

For the most part, evaluation was achieved by a process of insight based on experience. Where a group decision was required, group judgment and consensus were generally the methods applied. Only a minority of ministries used a steering committee or an interdisciplinary team to suggest and evaluate alternatives. Some ministries did use interdisciplinary planning teams with experience in quantitative analysis.

Information was not a large factor in the evaluation of



alternatives. When used, it was generally information previously assimilated into the manager's experience.

Some managers expressed a desire for a greater flow of information to help identify problems and analyze alternatives. Other managers found there were delays in acquiring information asked for or encountered obstacles in getting their requests approved. Altogether, we found little use of quantitative analysis as an aid to the evaluation of alternatives.

Help from quantitative analysts was resisted by many managers with the sort of statement that no model would help in the particular decision facing them. In one case where a decision was intended to influence the economy or part of it, the manager conceded that the effect achieved was not as planned. Yet he appeared to feel that the method of trial-and-error was preferable to testing a decision in advance through models.

The development and evaluation of alternatives usually involved several staff levels. First, the decision-maker selected a feasible alternative, which was then presented for approval to a superior or to the Management Board. If rejected, the alternative was passed to a subordinate or a committee to be revised. Revisions were then submitted until a solution was found.

### *Delays*

A major complaint of managers was that implementation of decisions was often delayed or decisions were altered by other departments. For example, one ministry, on the strength of a thorough study, called for additional office space for service to the public. The then Department of Public Works, after conducting its own study, reduced the space and lowered the priority, without consulting the ministry concerned. Frustration and a lengthy delay resulted. Another manager had to defer implementation of plans for six months while waiting for the Department of Civil Service to reclassify positions. Whether justified or not, these delays caused concern, and no explanation was given. Such interference makes many managers avoid effort because of anticipated difficulties. Other managers waste considerable time circumventing such interventions.

### *Responsibility*

As mentioned earlier, a manager, while responsible for output, does not have commensurate authority over the means of producing it. Inputs are controlled to some degree by the various central agencies, and the controls are exerted to a detailed level, thus reducing the manager's discretion. Such controls are exercised on all managers, good and bad,



experienced and inexperienced. Some managers would gladly shoulder responsibility if they controlled the methods of achieving objectives.

### *Assessment of Results*

Few decision-makers stated their objectives in terms of measuring achievement or effectiveness. Some were hoping to develop performance indicators.

Few explicit references were made to service received by the public. Budget cuts were indicated by some managers as the cause of reduced service, always expressed in terms of additional pressures on staff. Asked about the impact on the public, the managers generally had no answer. Managers, in most cases, have no feedback on previous performance with which to improve decisions for the future.

Such conditions produce no rewards for improvement. Indeed, doing the same work for less may result in a reduced budget the following year.

Our interviews showed that recent Management Board restriction on spending had had a major impact on the managers. The cuts prompted them for the first time to examine activities and programs in relation to one another in order to develop some kind of priorities. Lack of any real means of measuring effectiveness made the task tougher.

### **Inferences and Comment**

Our examination of decision-making among a sample of senior government managers calls for some conclusions and comment. Since the whole organization of the Government is at present in a phase of constructive flux, we believe we shall best assist that process by addressing ourselves to matters that seem to us to have particular relevance in the changing circumstances, rather than by undertaking a point-by-point review.

### **The Manager's Environment**

In government, as in the private sector, a manager does not work in isolation. A great deal of importance attaches to the psychological and working atmosphere. In our view, therefore, regardless of improvements that may be achieved with individual managers or groups of managers, a significant betterment of decision-making practice requires changes in the Public Service environment. For a broader treatment of this question, we direct the attention of the reader to our Interim Report Number Six on the utilization of human resources.

People adapt to an environment. Many managerial practices that seem inappropriate or counterproductive are the outcome of the setting in which they are made. It might appear unreasonable for the manager of a data processing centre to keep adding to his personnel and equipment without apparent justification. Yet if his status and salary depend on the size of his staff and budget, his actions become understandable.

It is commonly observed that the rationality of management in the Public Service is determined by what goes into the making of programs rather than by their productive capacity or output, i.e. that the performance of managers is measured primarily by expenditure, rather than by an evaluation of the quantity and quality of the services provided from a given set of resources. We recognize on the other hand that, in the business environment, the profit motive gives managers a readily discernible measure of the effectiveness of the organization. Managers in the private sector have traditionally directed their sights towards attaining and raising high levels of output from a given set of resources. When management in the private sector is successful, sales go up and/or costs decrease, while profits rise. Many government managers have no comparable means of measuring the degree of public satisfaction their work achieves. It is possible for such managers to avoid altogether any decisions relating to effectiveness and efficiency.

In our earlier observations on present decision-making, we noted examples of perceived interference in, and delays to, the work of managers by the central control agencies of the Government. Good managers may be frustrated by this interference, while some poor managers use lack of control over their means of production, for instance, as a good excuse for not accomplishing objectives.

What are the reasons for such interference? First, it may indicate a lack of trust by the Government in its senior managers. Second, in the absence of adequate means of measuring results, central agencies control what they know how to control, namely resources. Yet the various ways in which managers circumvent the rules show that not even resources are always well controlled.

## **Action to Improve the Decision-making Process**

### *Information and Judgment*

To make good decisions, a manager needs information and judgment.

A most important means of supplying productive information is to design a feedback system which provides responses to the manager on the results of his decisions. Through the intelligent use of feedback of this kind, the manager ensures that:

- ♦ his decision is implemented;
- ♦ the desired objectives are being achieved;
- ♦ he is alerted to new problems before they become crises.

Another indispensable function of feedback is to stimulate managers who lack awareness and purpose. Without feedback, the manager does not learn. We spoke to managers who admitted not only that they were making decisions based on inadequate information, but also that they would be in no position afterwards to improve.

The general context of information and sources of information recalls our earlier references to problems encountered in the application of quantitative analysis by managers. We concluded that most managers in our sample were not aware what quantitative analysis could do for them. They also may have been uneasy about exposing themselves to experts from outside their own areas of responsibility. Moreover, there was no outside pressure to use quantitative methods because these managers had no access to means of measuring the success of programs.

As we have pointed out, productive information needs to be associated with judgment. The Government should therefore also help managers develop powers of interpretation. Mechanisms should exist for singling out managers displaying such ability so that, once armed with authority to make decisions, they can be moved into positions of responsibility.

### *Objectives*

Ministry managements must be aware of the Government's goals so that ministry objectives can be properly developed. In our experience, goals or objectives at this level are considered by most managers as broad statements of policy. Senior managers in our sample nevertheless found they could rarely be used as criteria in allocating funds among programs or activities, or for future planning. Most managers, considering these objectives inadequate, did not even try to use them.

As to the rather subjective approach to the formulation of objectives which we observed in some managers, one way to avoid this would be to set up a management committee to devise objectives for major decisions. We found few ministries making use of such management committees.

Government or ministry objectives, if unclear or too broad, may cause ministries to act at cross purposes. Even within a ministry, conflicting decisions may occur because too much is left to each manager's judgment. Personal objectives then gain weight. Such a situation suggests that, in some



areas, government policy is being made by civil servants rather than by the legislators or the Cabinet.

The Government has not yet made all of its objectives clear enough. We reiterate the fundamental principle of good management in the public sector that government goals should be stated explicitly and communicated to all program managers affected. Those objectives should continually be reappraised and revised to meet changing conditions. Managers could then be confident that government objectives and those of their ministries are in harmony.

### *Annual Estimates*

The preparation and substantiation of annual estimates is a basic element in one of the most important decision-making processes in government. Working to a deadline imposes decisions, even though all the facts may not be available. Cabinet has the primary role in determining and establishing government budgetary levels. Consequently, program managers should be explicitly briefed by the Management Board on what is expected in the preparation and submission of estimates.

From our study of the reactions of program managers to budget cuts applied by the Management Board, it appeared that a major difficulty was the lack of direction given. Managers were forced to assume hypothetical objectives. If these had been set at maintenance of the existing complement, settlement of all transfer payments required by law, and continuation of the prevailing level of service, then many ministries would have been unable to achieve any budget reduction. In some such cases, a reduction actually proved impossible to accomplish.

Improvements have resulted from the establishment of the Policy and Priorities Board and the policy field committees. Multi-year forecasts of expenditure are now thoroughly reviewed by each policy committee and agreement is reached on priorities. These are then considered by the Policy and Priorities Board from the viewpoint of expenditure, and policies and priorities are modified accordingly.

One such shift, a very important one, is seen in the Premier's recent announcement that the Government is altering course and adjusting priorities so that greater effort and more funds can be devoted to matters relating to the quality of life, such as environmental concerns, land use, recreation and housing, among others. This, in turn, is bringing restraints on expenditure on health and education. The altered emphasis is succinctly summed up in a comment by the Provincial Secretary for Social Development:

"The big spending days are over in these fields (health



and education). . . We have got to see whether we are getting the value we want.”

As a prelude to the preparation of estimates for the fiscal year 1973/74, each Ministry received a Cabinet minute which specified expenditure ceilings for each program. The minute further indicated that the Management Board would review the submissions to ensure that the estimates of expenditure were in line with policies and targets set by the Policy and Priorities Board.

Program managers, in turn, work out their priorities and justify to the Management Board their financial and other needs. If the Management Board rejects these claims as exceeding budget ceilings, then it has a responsibility to provide direction to program managers on ways to reduce or otherwise adjust the level of service.

As part of the estimate submissions, every program manager is required to answer a number of questions:

- ♦ What is he trying to achieve and why?
- ♦ How will he achieve it?
- ♦ How will he measure his achievement?
- ♦ How much will he have to spend to achieve his goal?
- ♦ How should he be evaluated?

Dialogue on these lines between the Management Board and managers should contribute materially to the elaboration of realistic and effective estimates. Accordingly, it is vital that in cases where the Management Board reduces the estimates as put forward, the program managers be informed of the reasons.

We therefore recommend that:

- 13.1 For the purpose of the preparation of annual estimates, the Policy and Priorities Board continue to set priorities and targets based on a review of the multi-year forecasts; that the Management Board provide any needed additional guidelines to ensure compliance with policies and targets set by the Policy and Priorities Board; and that ministries, when submitting their estimates, offer supporting information to justify their proposals.**

### *Interministerial Problems*

In conditions of rapid change, as we have noted, the Government

must be prepared to act quickly to solve problems which spill over traditional lines of demarcation. Particular programs may still have to be parcelled out to specializing ministries. However, the planning and implementation of complex programs often cannot be left to individual ministries acting independently.

The person who identifies a problem and the person responsible for its solution are often not one and the same. Since, in a large, diverse organization such as a government, the discoverer may not even know where the responsibility lies, the problem may remain ignored until a crisis develops.

This situation has been eased by the creation of policy fields consisting of related ministries. In the new structure, machinery is available by means of which ministries within each of the policy fields should be able to handle such interministerial problems. Once the mechanism has been developed and senior managers have become accustomed to its use, we expect to see effective coordination and communication of decision-making effort. Nonetheless, problems that overflow policy field boundaries may continue to be difficult to uncover and solve.

A basic intention of the organizational structure proposed in our Interim Report Number Three is to provide better mechanisms for planning and coordination. Small interministerial, interdisciplinary teams should be formed to bring together all the ministries involved in particular projects so that they may recommend policy alternatives to the Cabinet. It bears repeating that procedures are needed to identify interministerial problems, to resolve interministerial conflicts and assign implementation responsibilities, including problems of funding, authority and control. The Government should make more use of interministerial and interdisciplinary teams in locating, planning and implementing projects of this type.

We foresee an increase in such interdependence and, indeed, a growing need for information and cooperation that disregards policy field jurisdictions.

### *Concrete Steps*

We have already emphasized that explicit articulation of objectives is essential to good management. Some action to this end has already been taken, but in our opinion greater effort is needed.

We therefore recommend that:

- 13.2 Ministry objectives be stated consistently in operational terms so they can guide decision-making; and that whenever an objective has to be clarified or modified**

**during a decision-making exercise, this be formally noted, so that the new objective can be incorporated in future decisions.**

These actions should reduce confusion caused by varying interpretations.

Once objectives have been stated in operational terms, then steps can be taken to develop methods of measuring effectiveness and efficiency. Each program should use such measuring tools to evaluate performance. It is meaningless to talk about cost-effectiveness unless effectiveness can be measured.

We therefore recommend that:

- 13.3 The annual estimates proposed to the Management Board include statements of measurable output and measurements of effectiveness, where applicable and agreed upon by the respective ministries; and that ministries be audited for performance as well as for expenditures.**

### **The Planning, Programming, Budgeting System (P.P.B.S.)**

While government goals and program objectives are being made explicit and the presentation of estimates improved, greater authority should be delegated to program managers at lower levels, so that they can assume fuller responsibility for managing their own programs. It should be a key principle that program managers can be held accountable for their performance. At all levels, they require management tools, such as planning, information and evaluation systems, to aid them in making decisions. We are particularly concerned here with one such instrument.

In the early 1960's, the Planning, Programming, Budgeting System (P.P.B.S.) was developed and introduced as a management vehicle in a number of jurisdictions. The Treasury Board of the Ontario Government adopted it in 1967 as a philosophy of management, with the object of promoting the best allocation of scarce resources among competing programs and to improve measurement of their application. We endorse the use of planning, programming and budgeting in the Ontario Government. The purpose of our study in this area was to determine how the system could be improved or otherwise advanced.

The name in itself is formidable enough to frighten many people. Many articles written about P.P.B.S. are weighted down with phrases such as synoptic policy-making, rationality models or cost/utility analysis. In spite

of such deterrents, a number of managers in the Ontario Public Service are convinced that the system as such points the way towards better management. Not only do we agree with them, but we believe that they are breaking a path for other managers in the Public Service to follow.

This philosophy of management involves a breakdown of a management problem into a logical sequence of decision points, in which each point is recognized as containing separate and identifiable issues.

In short, P.P.B.S. is a systematic method of tackling management problems which operates in five steps or decision points:

- ♦ setting objectives;
- ♦ consideration of alternative means of attaining them;
- ♦ organizing to attain them;
- ♦ measuring performance in attaining the objectives concerned;
- ♦ reviewing the first four stages and evaluating decisions reached in the light of experience gained from these steps.

The procedure assumes that the more correctly one identifies the variables in a problem and begins to understand their interrelationships, the more likely one is to make rational decisions with a greater probability of success.

Ideally, this continuing procedure should be fed by contributions from all affected managers and employees.

Although conceptually correct, the approach outlined is usually modified in practice by two considerations. First, the individual steps often overlap. For example, the setting of objectives for the future often flows from current action at any given time. Moreover, objectives may be modified if the alternatives for attaining them turn out to be extremely costly or difficult to implement on political grounds. Second, since the whole process is continuous, the measurement of performance during the implementation may indicate that the objectives are too ambitious and that the cycle should be repeated.

The principal benefit, aside from the better results usually achieved, is that attention is focused on attaining objectives, rather than on controlling the needed resources without regard to the results. Decision-makers can select more effectively among the array of feasible programs through the analysis of their consequences in terms of estimated costs and expected benefits.

Consider a general example. First, working within government



policy guidelines, managers think out the objectives of their organization and state these in clear terms. Without objectives, managers will not be able to develop means to attain them. Second, the managers develop alternative programs to meet their objectives, and estimate the cost, benefits and other consequences. Third, having decided on the program best suited to the objectives and received approval, they set about organizing implementation. Fourth, managers attempt to measure the effectiveness of the program in terms of the objectives set. In the fifth stage, managers review their previous decisions regarding objectives, means, organization and performance to see what effects their efforts have had on the difficulties, problems and obstacles originally identified. From this review, new plans result and the process begins again.

Where P.P.B.S. differs from less formal management styles is in encouraging managers to articulate and write down their objectives, programs, expected costs and benefits, as well as the performance criteria used in reaching the objectives. In this way, managers develop a systematic and controllable method of dealing with management problems. By forcing themselves to write down precise details of important factors arising during the course of their decision-making, these officers establish a written record which survives their decisions. This documentation then serves as a point of reference for subsequent evaluation of objectives, programs, estimates, budgets and performance.

P.P.B.S. further provides a framework for the introduction of modern quantitative analytical techniques to management. Herein lies one of its greatest strengths and, paradoxically, one of its greatest weaknesses.

Modern quantitative analytical methods have enabled managers to achieve dramatic improvements in the quality of their decision-making in certain areas of management. In these contexts, such methods show greater precision in the definition of objectives, in the specification and evaluation of alternatives, and in the relation of programs to resource requirements. As a consequence, management has taken on more rigour, and one of the advantages of P.P.B.S. is that it is highly compatible with such methods. The paradox lies in the fact that P.P.B.S., having become too closely identified with quantitative methods, is not accepted by many managers by reason of this compatibility. Want of full acceptance by many managers is due to three main reasons.

First, the application of advanced mathematical techniques to management decision-making is relatively new, and its practitioners are constantly bumping up against limits imposed on them by the state of current knowledge. Some managers, who are aware of this problem, tend to view results obtained by such techniques with a scepticism which may or may not be deserved.

Second, other managers, unable to appreciate the significance of what is taking place because of a lack of mathematical or statistical training in their formal education, regard the whole process as chicanery and sedulously avoid it.

Third, practitioners of such techniques often obstruct communication by using technical jargon which managers do not understand.

Nevertheless, P.P.B.S. should not be identified only with mathematical or accounting techniques. Within the framework provided by the system, managers may use P.P.B.S. techniques, but other techniques can be, and in some cases must be, employed.

For example, it may be helpful to measure the output of a program by yardsticks such as good, bad, or indifferent, rather than in numerical terms. We are, of course, not taking the position that mathematics and numbers are undesirable in the decision-making process. On the contrary, quantitative analysis is valuable, desirable and often necessary. We believe, however, that some confusion exists in the minds of many managers between the framework of P.P.B.S. in which analysis and decisions are undertaken and the type of analysis performed. Undoubtedly, if P.P.B.S. is to be fully implemented and succeed, more and more managers will have to take a greater interest in quantitative analysis, and approach it with a more open mind.

However that may be, the purpose of P.P.B.S. is not to force quantitative analysis on managers. It is to encourage managers to minimize irrational elements in their decision-making process by isolating steps in that process and by permitting decisions to flow from one another in a logical sequence.

Implementing P.P.B.S. in the public service has not been, and will not be, easy. Many of the inherent steps will be difficult, and perhaps in some respects impossible, to achieve with any degree of satisfaction. It may well prove to be wise in some areas of government to spend very little time justifying and articulating some of the decisions made within the process. Certainly, it would be unrealistic and foolish to think that this system is going to solve all management problems. What it can do, if properly implemented, is to improve the quality of decisions made.

### *The Need for Commitment*

Despite several endorsements of the system by the Cabinet and the Management Board, many managers in the Public Service sense that there is only a partial commitment by the Government. This feeling results in part from the lack of clear understanding of what P.P.B.S. is, and, more important, from what is believed to be only partial application by the

Management Board. If the Board is not fully committed to the concept and does not work along appropriate lines, the system will not be wholeheartedly adopted by program managers. The example must be set at the top, which presupposes a similar commitment by Ministers and senior management. The Cabinet has already clearly indicated its determination to evaluate the performance of program managers, but it needs to follow through on that determination before those managers can be influenced to perform accordingly.

Decisions by central management on submissions from program managers should be taken within the P.P.B.S. framework, otherwise officers in the ministries will be disinclined to devote sufficient time and effort to preparing suitable submissions. It is important, therefore, that as the concept becomes better understood and utilized, more communication take place between central management and the ministries. This communication process should include an assessment of the quality of submissions, as well as discussion of the reasons behind decisions made concerning government priorities.

For similar reasons, dialogue will be necessary between Ministers and their managers for the purpose of elaborating ministry objectives and plans. This is important both for the smooth working of the P.P.B.S. philosophy and for the stimulation of further interest and commitment.

Deputy ministers and other top level managers should be encouraged to communicate decisions regarding estimates and multi-year plans to the various levels of ministry management. This dialogue should originate at the top in order to spur ministry managers to put forward their best efforts in the P.P.B.S. process.

Among the requirements for practical and effective introduction of planning, programming and budgeting are these points:

- ♦ the Management Board should continue to confirm its approval and commitment to P.P.B.S. as a management philosophy for the Ontario Public Service and so inform all program managers;
- ♦ the Management Board and the Policy and Priorities Board should enter into separate dialogues with secretariats or ministries on the quality of their estimates and multi-year plans, as well as on the rationale behind decisions concerning priorities;
- ♦ Ministers should actively participate in the P.P.B.S. process, including the formulation of ministry objectives and multi-year plans;
- ♦ deputy ministers and other senior managers should



communicate to their subordinate managers the information obtained from such dialogues.

### *Technical Assistance to Ministry Management*

At the present time, P.P.B.S. coordinators in each ministry are engaged in many important tasks, including program analysis, education and accounting, which entail a share in responsibility for departmental estimates. We believe that the greatest benefit will emerge from this system when P.P.B.S. is understood to be primarily a management philosophy for solving ministry problems. To that end, it is essential that the task of managing be performed by program managers. Management cannot be delegated to staff advisers.

However, we believe the coordinator could function as an active adviser, instilling both understanding and enthusiasm. He should be able to relate to the program manager at his level, appreciate his problems and motivate him towards adopting the system as a means of improving his management capability. If the function of such coordinators is not primarily advisory and motivational, they may become *de facto* managers or perform ministry control functions. In either case, line managers might then be reluctant to divulge to them details of their operations.

The P.P.B.S. coordinator could also help to develop methods of measuring performance, a difficult and exacting task requiring considerable creativity.

We believe such coordinators should report at the highest practicable ministry level, for three main reasons:

- ♦ to underscore the deputy minister's commitment to this philosophy of management;
- ♦ to assist the deputy minister in obtaining the potential benefits;
- ♦ to allow the coordinator to provide initial assistance in the coordinating function to a variety of ministry divisions and branches, a difficult role if he operates from only one of these.

Finally, we believe that, where ministry management committees or policy committees exist, P.P.B.S. coordinators should be members.

We consequently recommend that:

- 13.4 The role of P.P.B.S. coordinators be primarily focused on motivating and assisting ministry managers in applying the P.P.B.S. management philosophy; and that such coordinators report at the highest practicable ministry level, preferably to the deputy minister.**



*The Role of Education*

Some senior managers in the Public Service are not committed to P.P.B.S. as a management philosophy. Although the reasons for this are numerous, the underlying element in most is that the managers concerned remain unconvinced that it would be in their interest to learn and apply the system. Unless senior managers see potential benefits to them from a structured and rational approach to planning, little can be gained by more expenditure of resources. In addition, some program coordinators are frustrated because of lack of understanding on the part of senior management.

Reaffirmation of this philosophy by the Management Board is desirable. The next logical step would be an education campaign designed to demonstrate to Ministers and senior managers the advantages for them in applying this management system. This action-oriented program should be specifically designed for various levels of management from Ministers downward. Emphasis at the more senior levels should be on the concept as a whole and its practical application to ministries. At the branch director level, it might include more technical matters. Much has already been accomplished in education for the use of P.P.B.S. We believe the Government should continue to build on this foundation as we have suggested.

The educational approach we propose should be directed at solving everyday problems. It should be a continuing process blended into the implementation of the concept and could make available seminars, formal courses, and ministry workshops.

P.P.B.S. seminars should include some essential topics:

- ♦ a detailed statement of what is expected of managers under the P.P.B.S.;
- ♦ the hoped-for accomplishments over the short and long term;
- ♦ achievements already realized, as seen by the Management Board.

At the end of such an educational process, it would be reasonable to embody in the evaluation of a manager's performance, as its most important single feature, a clear understanding of P.P.B.S. principles and their application.

Since success ultimately depends on the commitment of the Cabinet, it would be highly advisable for ministers to take advantage of the education program. To accommodate time constraints on members of the Cabinet, the program should, of course, be tailored to their individual requirements.

We therefore recommend that:

- 13.5 Ministers and Public Service managers receive more practical education of high quality in the P.P.B.S. managerial philosophy and its application.**

*Responsibility for Program Costs*

We have brought considerable emphasis to bear on the importance we attach to the Planning, Programming, Budgeting System in Ontario Government operations. It may therefore be helpful if we go into a little detail on one particular aspect of these activities by way of illustration.

A number of support programs in the Ontario Public Service are provided on a government-wide basis and within ministries. In relation to P.P.B.S. management, and as indicated in some of our interim reports, these programs, which include purchasing, accommodation, data processing, personnel and accounting, are deficient in two ways:

- ♦ program managers are not usually accountable for costs of this kind;
- ♦ program managers are not generally permitted to seek competitive services when those provided are inadequate.

If such costs are not charged to the managers concerned, they often do not make the best use of the services. Moreover, lack of choice among competing services reduces the line manager's efficiency.

We believe that, wherever possible and practicable, all programs should be fully costed and that managers should be allowed to select services among competing sources. Our recommendation here would not imply that 100 per cent of all costs for all services should be prorated to programs. Even if only a proportion of the costs were prorated, this should yield the degree of accurate information needed for measuring the cost of government programs. In other words, as we see it, 10 per cent of the effort required for prorating all costs might well bring 90 per cent of the benefits sought.

We accordingly recommend that:

- 13.6 Wherever possible and practicable, support services provided on a government-wide basis and within a ministry be funded by the programs they serve and be included in the multi-year and annual estimates.**

## Implementation of P.P.B.S.

One present drawback to progress with the P.P.B.S. concept in the Public Service is that, as a complete management system, it has not been fully implemented in any one organization. Instead, parts of it, such as multi-year planning, have been put into effect in detail throughout the Government. As in any system, it is necessary to see the individual elements working together in order to appreciate the benefits of the whole. The fact that, at this stage, some ministry managers are unexcited about the potential of the P.P.B.S. is consequently not surprising.

Implementing systems on a piecemeal basis is beneficial only if the time span for complete implementation is not long. Selective, intensive implementation could provide the know-how for acceleration of this process. In effect, success in one area would tend to promote success in others.

## Conclusion

Our investigation of decision-making at the senior staff levels has yielded information of productive value to the management processes of the Government.

We felt it would be helpful to government managers to look afresh at certain features of current management, as viewed through the eyes of relatively detached observers, some of them from outside the Public Service. Those managers will undoubtedly be gratified at seeing *their* concerns, *their* problems and encountered obstacles clearly outlined. It is of crucial importance to air their feeling of being sometimes inadequately informed and briefed for the preparation of annual estimates.

Throughout these reports, one of our underlying aims has been to search for ways and means of promoting the integration and coordination of management procedures. That is the viewpoint from which we have again made reference to the advantages that could come from changes in the Public Service environment. This applies equally to some perceived attitudes to managers on the part of the central management agencies.

Coordination would be further assisted by a more determined effort to have the Government's goals kept before the attention of all levels of management. A greater degree of interministerial and interdisciplinary cooperation would serve the same end.

As a key means to the realization of all these objectives, we have urged more energetic implementation of the Planning, Programming and Budgeting System.



## MANAGEMENT INFORMATION SYSTEMS

### Introduction

Effective management requires the support of pertinent, accurate and timely information. This principle applies as much to central management agencies, such as the Management Board and the Policy and Priorities Board, as to ministry management at all levels. In our investigation, we found three major problem areas relating to management information in the Government. First, although certain information requirements are common to all ministries, there has been considerable duplication of effort in the development and implementation of systems designed to handle these common characteristics. Second, present accounting principles used by the Government impede the ability of managers to operate effectively. Third, present coding systems could be improved. We propose to look at each of these problems in turn.

### A Common Information System

Managers require information of four types:

- ♦ information on the forecast resources required for a program, as opposed to the actual resources expended over the same period;
- ♦ information on the forecast performance for a program, as against the actual performance attained over the same period;
- ♦ information affecting government action as a whole, such as economic analysis, cash forecasting, supply analysis and public accounts;
- ♦ social, demographic and economic statistics.

The first of these categories, called input information, includes budgeted and actual amounts for such items as salaries, travel, equipment and services. Need for information of this sort is common to all ministries or, more specifically, to all programs within ministries.

Output information, the second type, consists of a variety of measurements or standards indicating the efficiency or performance of a program, as against its predicted efficiency or performance. As such measurements or standards are not uniform for all programs, output information, unlike the first type, may generally not be expressed in common terms for all government programs. Because it provides measurements of the performance of government management, this kind of information is crucial to the assessment of efficiency and effectiveness.

Information of the third type, unlike that of the first two, is not of direct interest to program managers, but it is they who must generate it for the purposes of the central management agencies.

The fourth type of information is discussed elsewhere in this report in connection with a proposed Ontario Statistical Bureau.

At the present time, the first three categories above either are not provided at all or are supplied in a variety of different ways.

Input systems dealing with the first of these categories are in widespread use in the Government of Ontario. These range from manual or accounting machine systems to highly automated computer systems.

Output systems covering the second type are at present rudimentary or non-existent. We believe that the Government should exert considerable effort to develop such systems because they may be expected to bring large rewards in the form of increased productivity. Measurement of performance should be cited as a supporting factor in requests for budgeted funds and the Management Board should attempt to evaluate and respond to ministry programs and to managers on the same basis.

The call for information relating to the requirements of central management, the third of our listed groups, often imposes difficulties on ministry managers and their information systems.

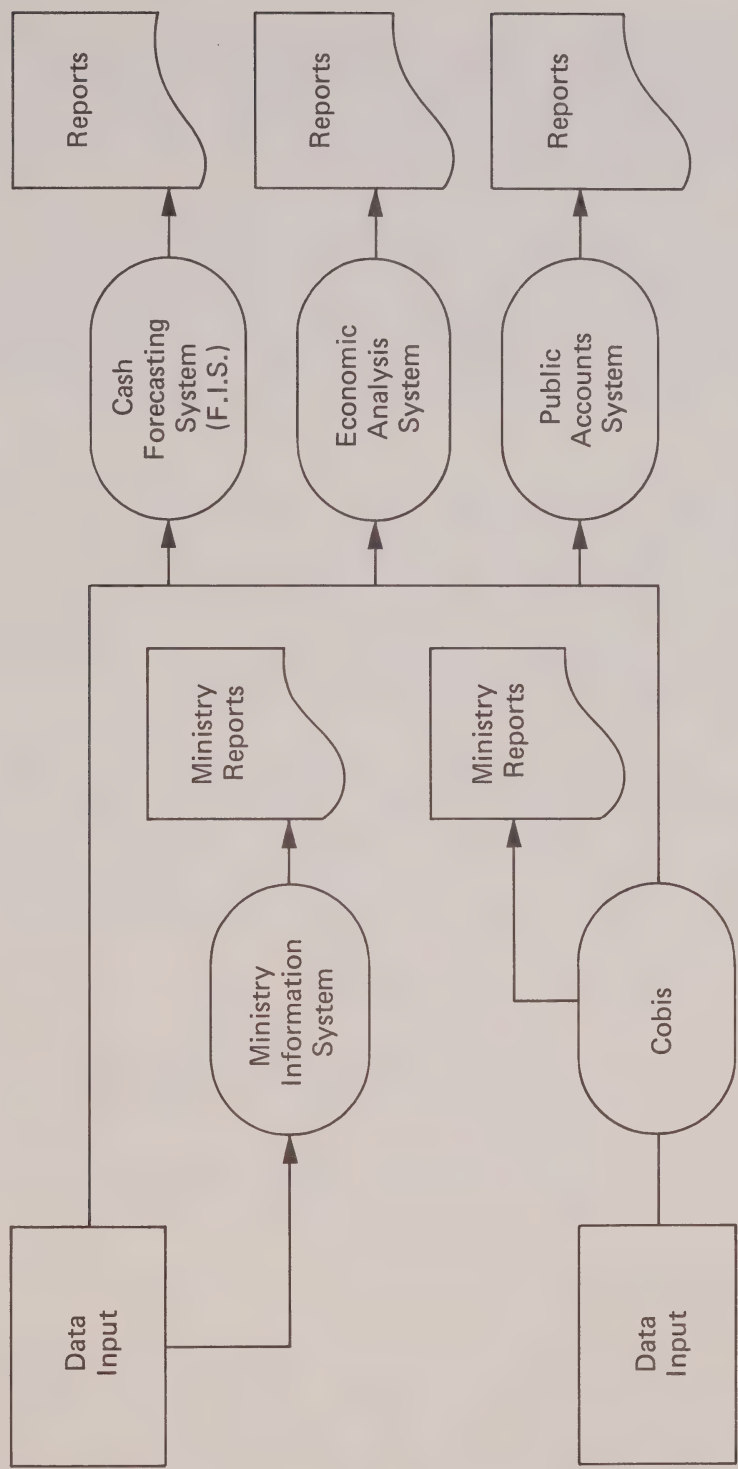
### **Common Object Business Information Systems**

To prevent unnecessary duplication of systems development in small and medium-sized ministries, the Government Accounting Methods Branch of the former Department of Treasury and Economics evolved an automated system called the Common Object Business Information System (COBIS). It was designed to standardize existing accounting controls in use in the Government and to integrate these with legislative and executive controls. Another objective was to harmonize the reporting needs of ministries with those of central management agencies.

Monthly reports provided by the COBIS system contrast the budgeted with the actual situation for the month and year to date, by program and by common object code. These reports were used by all levels of management in the four departments applying the system when it was first introduced: Municipal Affairs, Social and Family Services, Tourism and Information, and Trade and Development. It also supplies information to certain central management agencies. The system is, however, in process of being refined and improved. It furnishes input, but not output, information. The chart shown opposite compares the system in one ministry using COBIS with another which does not.

COMPARISON OF COBIS SYSTEM

MINISTRY REQUIREMENTS  
(MINISTRY NOT USING COBIS)



(MINISTRY USING COBIS)



We believe that the development work already done in connection with COBIS should be continued and that the Government should establish this type of general system to serve as a foundation arrangement for handling information with common characteristics in various ministries. The chart opposite illustrates the proposed framework.

Under Option A, the information system produces its own reports. Nevertheless, this system is linked to the Common Information System and its data would flow into the Common Information System and through to the central management agencies. The ministry in Option B, however, would apply the Common Information System in the same way as users of COBIS. Users feeding in information would obtain, direct from the Common Information System, reports for the use of program managers.

The proposed system would reduce duplication of effort in the Government. All ministries have a need to process certain kinds of information with common characteristics. If a single method of dealing with such information could be made available to all users, rather than have each ministry develop its own separate but similar system, a great deal of labour and time could be saved. Moreover, if such a system could be adjusted to the information requirements of the Planning, Programming, Budgeting System, the use of P.P.B.S. by managers would be facilitated.

The system envisaged would not constitute a comprehensive management information system offering every conceivable kind of information. It would merely handle, on a uniform basis, information with common characteristics from the various ministries. Built on a foundation already developed by the Government Accounting Methods Branch, the system would have new features added and deficiencies eliminated.

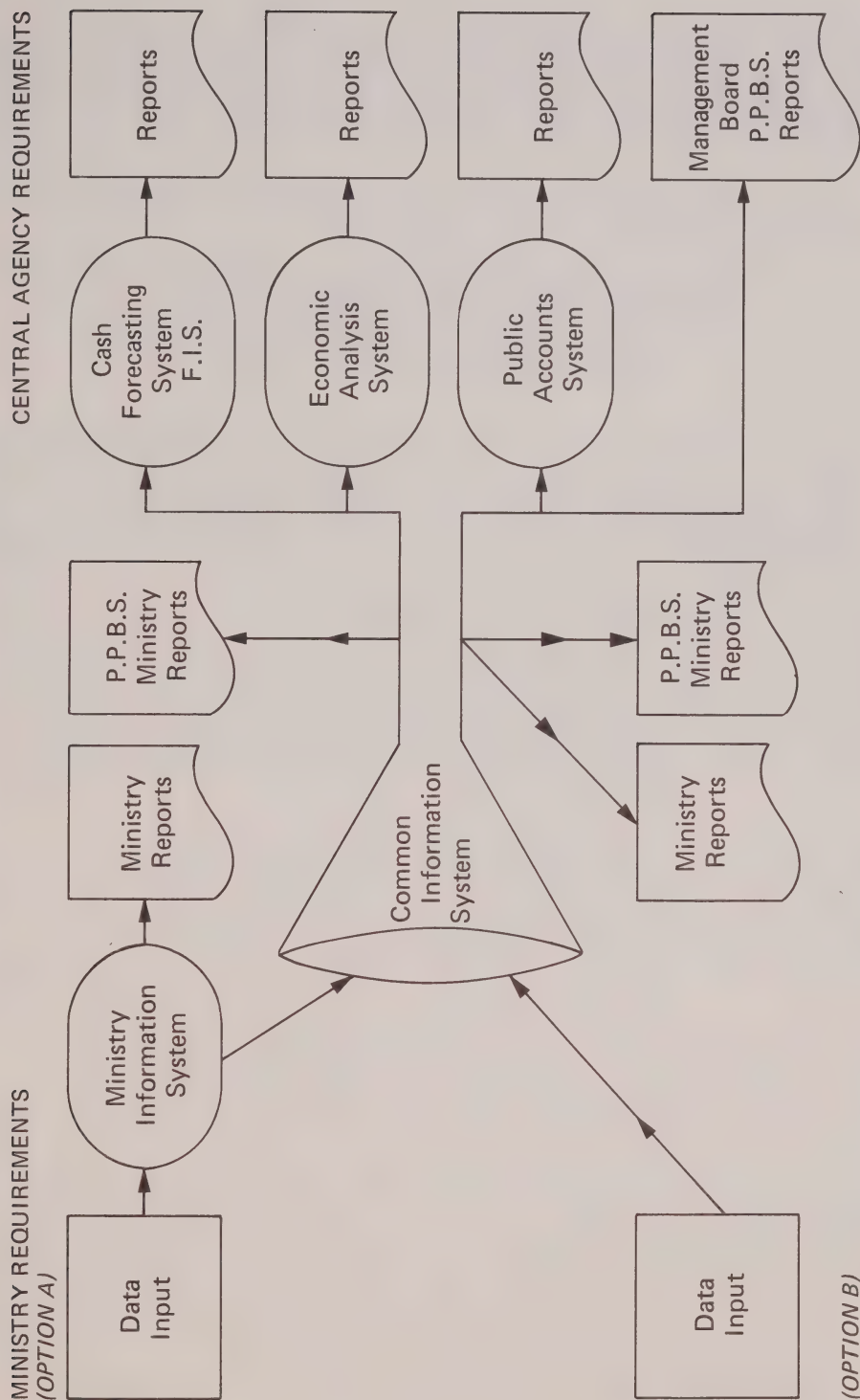
We therefore recommend that:

- 14.1 To reduce duplication of effort among ministries, a common information system be developed for the use of ministry program managers and central management agencies; and**  
**that this information system be compatible with the principles of P.P.B.S., laying stress on output.**

## **Task Force Approach**

In view of the widespread interest across the Government in the development of a common information system, we feel it is essential that representative viewpoints be made accessible to the organization by which the system is designed and implemented. A very effective approach to the job of design and implementation would be to form a task force consisting

# PROPOSED COMMON INFORMATION SYSTEM



of the most competent and suitable personnel from the Public Service, supplemented from outside sources, if necessary. This task force should be drawn from the accounting staff, operations research specialists, P.P.B.S. coordinators, systems officers and line managers.

Our suggested approach is foreshadowed in recommendation 6.1 of Interim Report Number One which proposes that:

**The government consider making increased use of task forces as defined by the C.O.G.P., to tackle problems crossing functional lines or involving more than one department or agency.**

When implementation of this project is completed, a single organizational unit should have the responsibility, authority and financial resources to modify, maintain and operate the common system. Representatives of this organizational unit should also serve on the task force suggested above.

Accordingly, we recommend that:

**14.2 A task force be organized with a clear and strong mandate, together with the requisite responsibility, authority and financial resources, to design and develop a common information system for the Government of Ontario;**

**that a single organizational unit, with the required responsibility, authority and financial resources, be charged with the task of operating, modifying and maintaining the proposed system on behalf of the ministry managements and the central management agencies; and**

**that the unit be located in the Ministry of Treasury, Economics and Intergovernmental Affairs to ensure that common needs across the Government are met effectively, as well as those of individual ministries.**

To help guarantee that information needs are met, both for the central management agencies and for ministry management, we further propose that an advisory committee of users at the management level be formed so that their specific needs may be taken into account. This committee should not, however, be given executive power that would dilute the efforts of the other two groups. In our experience, advisory committees, though well suited for setting priorities and providing a vehicle for effective communication, do not lend themselves to implementation functions.



The proposed advisory committee should be broadly based and include line management of P.P.B.S. coordinators from all ministries as well as officers from central management agencies. If P.P.B.S. coordinators are used, they should represent the needs and views of their respective line managers.

We recommend that:

- 14.3 An advisory committee be formed, consisting of ministry program managers and central management officers, to make certain that their joint information requirements are met by the common information system.**

## Accounting Principles

True costing of programs, which is essential for good management, is not at this time a reality. Capital expenditures are written off at the time they are made, rather than depreciated over the useful life of the asset. Furthermore, a variety of services utilized by ministry management are not charged to the appropriate program managers. Among these are services relating to personnel, systems and programming, computers, accounting, purchasing and accommodation. Such factors grossly distort the costs of operational programs and make measurement of performance difficult, if not impossible. Deficiencies in accounting practices should be corrected before further development of information systems takes place.

Accounting principles are concepts and conventions evolved from experience to fulfil the need of management for accurate, timely and pertinent financial information. At present, the Government of Ontario uses a cash accounting system for controlling expenditure. This system was developed primarily to serve the needs of the Legislature since it helps to ensure honesty and accountability for public outlays.

Such an approach to accounting may have been appropriate in the past when the Government was small and its operations were simple. Today the Ontario Government is responsible for an annual budget of more than four billion dollars. Moreover, the nature of government operations is not only far more complex, but comparable in many cases to that of commercial service organizations. Examples of facilities we have in mind include provincial parks, the GO Transit System, health services, and Ontario Place. Effective management of enterprises of such scope requires a different approach to management reporting, in which the emphasis shifts somewhat from control of expenditure to efficient provision of services.

To guarantee the effectiveness of government management, the common information system should be based on accounting principles that

deliver the kind of information necessary for the P.P.B.S. approach. In this respect, present government accounting systems suffer from certain deficiencies:

- ♦ the full costing of operational programs is difficult to obtain; this requires the distribution of the costs of government and ministry support programs among the operational activities that use their services; however, full costing of operational programs has been recommended in our Interim Reports Numbers Three, Five, Six, Seven and Eight;
- ♦ costs are not related to the accounting periods in which they occur; this affects, among others, such costs as capital assets, depreciation of assets, and inventories; effective management requires that such information be supplied on an accurate and timely basis;
- ♦ information required to assist management in the decision-making process is often unavailable, inaccurate or not provided at the right time.

We have concluded that, to remedy deficiencies of this nature, accounting principles such as accrual accounting, commitment accounting, project cost accounting, and depreciation accounting should be studied to determine the extent to which they are appropriate for the operations of the Ontario Government. This study should take place before work is started on the common information system.

Our recommendation therefore is that:

- 14.4 The accounting principles intended to form the basis of the common information system be defined before the new system is devised;**  
**that both ministry program management and the central management agencies be involved in this study; and**  
**that these accounting principles be applied to support the achievement of full costing of programs.**

## Coding

The four-digit common object code now in use by the Government of Ontario was developed by the Government Accounts Division for the Department of Treasury and Economics to provide a commonly valid means of classifying expenditures on resources. The code was initially shaped for application to economic analysis in the Taxation and Fiscal Policy Branch of the Department of Treasury and Economics. Later, the code was broadened to embrace the requirements relating to selected data on

controllable items of the Programs and Estimates Division of the Treasury Board Secretariat. As the last stage, talks with program managers took place to ascertain the administrative data that would serve their purposes. The code that resulted was then submitted to the Senior Accounting Officers Council for its approval.

During our study, extensive discussions were held with program managers and representatives of the central management agencies. From that examination, a number of deficiencies in the common object code emerged:

- ♦ the code attempts to meet the needs of economists, Management Board analysts, program managers and, to some extent, supply managers; as the outcome of the numerous compromises made in pursuit of this objective, the code is not satisfactory to all concerned; furthermore, it is lengthy, complex and demands skilled use; consequently, reasonable accuracy is difficult to achieve, as the code must be applied to all invoices; we were assured by direct participants that both economists and Management Board analysts would be better served by a simpler common object code;
- ♦ the code is not designed primarily for the administrative and operational needs of program managers; a code moulded to their requirements should also be capable of accommodating the aims of Management Board analysts;
- ♦ the code does not supply the commodity class and item data wanted by supply managers; a comprehensive and universal commodity classification code developed by the North Atlantic Treaty Organization (NATO) is used extensively in the Western world for supply management; not only would this NATO code facilitate item classification, cataloguing and standardization for the Government of Ontario, but it also has the potential to achieve large economies in supply management; however, the common object code now in operation precludes the direct use of the NATO commodity code;
- ♦ our existing code classifies expenditures only, not revenues, assets or liabilities; partially, this is due to the fact that present government practices do not properly account for the costs arising from the use of capital assets, and that revenue collection and debt management are, for the most part, centralized and not charged against particular programs; the recommendations for full costing of government programs in this and other C.O.G.P. reports call for more appropriate accounting principles and a more purposeful and useful common object code.



While the development and use of the present common object code has yielded a great deal of experience, we feel that its terms should now be reviewed. This opinion is shared almost unanimously by those interviewed during the study.

We therefore recommend that:

- 14.5 The present common object code be thoroughly reviewed by the task force and, if necessary, modified, or a new code or codes developed, to provide for the information requirements of the central management agencies as well as ministry management.**

## Evaluation Criteria

Management Board directed ministries and agencies to develop evaluation criteria for inclusion in the submissions for the 1972-73 Annual Estimates. There are four classes of evaluation criteria:<sup>1</sup>

- ♦ volume indicators;
- ♦ performance indicators;
- ♦ measures of effectiveness;
- ♦ measures of benefit.

In our view, measures of effectiveness and measures of benefit are the most important evaluation criteria, followed in importance by performance indicators. Volume indicators "...are simple indicators of work volume; they do not indicate the quality or efficiency of work performed".<sup>2</sup>

If measures of effectiveness and efficiency are developed, it should be possible, and would be desirable, to shift control away from resources alone, and towards a combination of program and ministerial performance and resources. It might be possible for the Management Board to eliminate control of resources entirely. However, if better performance evaluation could be achieved, control of resources could be exercised on a post-audit basis. Managers could then be given more control of resources.

Such control by managers would lead to a similar form of control at other levels of the organization. In effect, the process would lead to *management by objectives*.

*Management by Objectives* (M.B.O.) is a system by which units or

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1. *Effective Management Through P.P.B.S.*, Chapter IV

2. *Effective Management Through P.P.B.S.*, page 26.

organizations and individuals are reviewed according to their quantitative and qualitative contribution to agreed objectives.

When managers realize they are being measured by output, they tend to devise their own feedback and information systems. Once measures of effectiveness and efficiency are developed and managers are given more discretion in meeting objectives, it should be possible, and would be necessary, to single out the good managers and give them increased responsibility.

### *Mathematical Techniques*

The impact of actions is difficult to assess even when the responsibility of only one ministry is affected. Where interministerial issues are concerned, the problem is enhanced because the ministries in question may have conflicting objectives or serve different segments of society. Mathematical techniques can play an important role in tests to establish the consequences of different approaches.

One such technique is *simulation modelling*, a procedure in which a complex situation is represented by a set of mathematical formulae. Simulation is useful when direct experiments are impossible, impracticable, uneconomic or too slow. For example, a simulation model might be developed to estimate the long-term effects on the provincial economy of planting more or fewer trees in certain areas of the North. Since trees take over fifty years to mature, direct experiments would obviously not be feasible.

We therefore recommend that:

- 14.6 Managers be encouraged to use mathematical techniques to test the consequences of ministerial and interministerial decisions.**

## SYSTEMS AND PROCEDURES AS AN ELEMENT OF MANAGEMENT SCIENCE

Modern management has developed its own principles and techniques, generally referred to as *management science*. As we have tried to show in the course of our studies and our various reports, these principles and practices apply broadly, with due allowance for differing circumstances, to the public and private sectors alike.

Management science, also known as operations research or systems analysis, has been well defined as:

"...a scientific approach to problem-solving for executive management. An application of operations research involves:

"Constructing mathematical, economic and statistical descriptions or models of decision and control problems to treat situations of complexity and uncertainty.

"Analyzing the relationships that determine the probable future consequences of decision choices, and devising appropriate measures of effectiveness in order to evaluate the relative merit of alternative actions."<sup>1</sup>

Systems and procedures form one of the important techniques used in the application of management science in pursuit of managerial effectiveness in large-scale organizations. We shall shortly go further into the operations of systems and procedures in the Government.

### Management Science Groups

At present, 15 ministries in the Government of Ontario claim to be using management science, and the number of groups specifically organized to apply its techniques is growing. We believe that such groups are correctly placed in ministries rather than in a central organization.

The increasing number of people engaged for this work indicates greater awareness among managers of the benefits of quantitative analysis. We expect that this awareness will continue to grow, as will the resources required by the management science groups.

The Management Board, we feel, should have prime responsibility for establishing ground rules under which ministries will require and use such

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1. Harvey M. Wagner, *Principles of Operations Research*, Prentice-Hall, Inc., 1969:



resources. This involves coordinating the activities of the ministries to:

- ♦ provide assistance, when requested, in monitoring the activities of outside consultants;
- ♦ provide assistance, when requested, in hiring staff for such groups;
- ♦ review projects after completion to evaluate their effectiveness.

Moreover, it is essential that the application of management techniques in any governmental organization should be based on a clear appreciation of its objectives and of the extent of its ability to change its procedures.

With the aim of effecting such coordination, a Management Sciences Branch was established in 1967 in the former Treasury Board Secretariat. Until the reorganization of the Government, the Branch undertook projects at the direction of the Treasury Board and at the request of the then departments. It has also assisted in the education of management staff.

The Branch, which does not charge for its services, meets requests for assistance on a first-come, first-served basis. This often results in an unduly heavy workload at times when it suddenly and unexpectedly receives high-priority assignments.

Even so, where the application of management science has not gone beyond the experimental stage in many areas of the Government, it is our belief the Management Board should further promote its use. The Board should also encourage the adoption of scientific managerial methods by subsidizing the development of suitable education courses.

We therefore recommend that:

- 15.1 The Management Board coordinate the activities of management science groups established in the ministries.**
- 15.2 A small group in the Management Board be designated to:**
  - a) coordinate management science activities in the ministries;**
  - b) undertake investigative studies and implementation projects required by the Board; and**
  - c) coordinate the development of an education program in management science techniques and their application.**

## Systems and Procedures as Management Tools

Systems and procedures (S. and P.) are two of the tools by which the principles of management science are put into effect. Accordingly, a general review of systems in government use should include an examination of the non-mechanized category as well as those that are mechanized (automatic data processing or A.D.P.), since both types are in operation. It will be recalled that mechanized systems were documented in our Interim Report Number Five which dealt with the organization and control of A.D.P. in the Government of Ontario. The present treatment of the non-mechanized aspect of the systems function complements the A.D.P. study. To acquire a fuller picture, the reader should therefore consider our observations here on users, systems and procedures personnel, and project management in conjunction with the recommendations in Interim Report Number Five.

The complete findings of our study of non-mechanized systems, of which this chapter is a summary, were set out in a background paper dated January, 1972.

### Users

Several ministries now have senior management consultative groups, bearing such names as Resource Committee and Management Committee, and consisting of the deputy minister and directors of divisions or branches. However, the ministries and committees reviewed by our study team had not effectively coordinated their activities. Each branch director is left to act on his own initiative in attempting to solve any systems problems he encounters.

The systems coordinators proposed in our Interim Report Number Five could fulfil a most important function by facilitating communication between managers and S. and P. officers and by stimulating management involvement in systems problems. Such coordinators would have responsibilities in relation to S. and P. projects similar to those affecting A.D.P.

Complaints were frequently expressed by government managers concerning project control. Their comments took various forms, for example:

- ♦ the S. and P. group does not provide written progress reports;
- ♦ the group spends too much time on its projects;
- ♦ managers find serious inadequacies in the training and the implementation of systems provided by the S. and P. group.

From one point of view, these criticisms might be taken as a serious condemnation of government S. and P. groups. Looked at otherwise, these charges suggest serious deficiencies on the part of the users. In the majority of cases, we found that users do not set up, in advance, adequate written terms of reference regarding such matters as:

- ♦ the subject and scope of the project;
- ♦ the period in which it is to be carried out;
- ♦ the costs;
- ♦ a schedule of staff;
- ♦ preparation of interim progress reports and a final report; and
- ♦ assistance in implementation and staff training.

Where no detailed working arrangements are made; where responsibility is not specifically allocated between users and S. and P. groups; where users do not clearly communicate their wishes to these groups; and where adequate consideration is not given to all the elements in the projects: then there can be no surprise if the results are found unsatisfactory. The user branches, having requested the service and being responsible in the final analysis for the implementation of the systems, should make it their business to have the groundwork for the projects thoroughly prepared.

The Management Sciences Branch, mentioned earlier, found that its efforts to achieve coordination earned the satisfaction of users with the services provided. Its approach not only solved departmental/ministerial problems, but sometimes identified new problem areas in the process. Efforts on the part of S. and P. groups and their clients to the same end would, no doubt, be similarly rewarded.

We believe that any government manager would benefit, at some point in his career, from a period of active participation in an S. and P. group. How long this should be would depend on several factors, including the degree of need for the manager's services in his own function, and the nature and duration of systems projects in progress at the time. The objective would be to expose the manager to the application of a variety of techniques and different types of study. Benefits of two kinds could be expected. First, such managers would be better equipped for making use of S. and P. resources. Second, S. and P. experience across a ministry would broaden a manager's knowledge of its operations as a whole.

This suggestion is not made as an alternative to providing familiarization training and courses on specific subjects for the benefit of managers. In particular, technically inclined managers should be encouraged to attend such courses.

Those departments/ministries which have sent members to education courses given by the Management Sciences Branch report approval and intend to continue the process.

We therefore recommend that:

- 15.3 The Management Committee, or another appropriate committee in each ministry and agency, be responsible for ensuring that the systems approach to problems be made an integral part of plans devised to meet the program objectives of the ministry or agency.
- 15.4 The committee, as the senior management committee of the ministry concerned, whatever its title, take steps to:
  - a) provide a means of communication among branches on common systems problems and ideas;
  - b) set priorities for the systems and procedures projects of the branches within the ministry;
  - c) take care that resources supplied for projects are sufficient to meet the goals.
- 15.5 The A.D.P. systems coordinators, proposed in Interim Report Number Five, also be given responsibility for advising on all aspects of the use of non-mechanized systems and for processing all systems and procedures services.
- 15.6 Before projects are started, users establish written terms of reference for systems and procedures groups; that these embody elements found in sections 2.01, 3.01, 3.04, 3.05 and 3.06 of Chapter V—C of the *Manual of Administration* relating to the employment of outside consultants; and that such terms of reference be used for both internal and external systems and procedures groups.
- 15.7 As part of their career development, managers and potential managers who are interested and willing be seconded to systems and procedures groups for a period of six to twelve months.

## Personnel

Systems and procedures work in the Government of Ontario is performed, in the main, by what are known as Management Services Officers. These are usually grouped in systems branches which have various



names for different organizations. It was found that, of some 370 such officers, about 150 devoted a substantial amount of their time to systems and procedures work. The remaining 220 or so performed automatic data processing operations. We further established that, of these 150 officers, 53 are not integrated with the systems and programming staff working on A.D.P. systems.

Because people with the capacity and skills to operate A.D.P. systems are scarce, they are generally paid higher salaries than those employed on S. and P. duties. A.D.P. skills are easily identifiable and the appreciation they command is due to some extent to the glamour attaching to computers. The skills required by S. and P. personnel are less appreciated. A belief that only common sense is needed leads many to enter the field. Consequently, some appointments are made with insufficient care and result in poor work which shows doubt about the effectiveness of officers in the systems and procedures field as such.

Despite differences, many S. and P. skills overlap with those required of A.D.P. personnel, and S. and P. personnel frequently shift to work on A.D.P. systems. In one instance where the two groups are organized separately, a move from S. and P. to the A.D.P. systems group is regarded by management as a promotion. We question the justice of this attitude.

It seems to us that benefits would flow from bringing the mechanized and non-mechanized systems under the same authority. First, if both were in the same unit, performance could be more easily compared and merit rewarded. Second, problems referred to A.D.P. systems officers usually result in a computer-based solution, whether use of a computer is appropriate or not. An amalgam of the two groups should produce a wider choice of alternatives, a more balanced approach to problems, and the application of better systems. In particular, S. and P. officers should be in a position to improve the data-gathering, output distribution and interpretation segments of A.D.P. systems. On the other hand, S. and P. personnel should be able to add to their skills through exposure to A.D.P. techniques.

We feel therefore that the two groups should be integrated in the new Ministry of Government Services.

Some ten years ago, at a time when the use of systems was in its infancy, the Organization and Methods Services Branch (O. and M.) of the former Treasury Board Secretariat began providing advice on systems and initiated a limited number of systems studies. The growth of the function in the Ontario Government since then and the continuing requests for service are perhaps indicative of the success of these initial efforts. However, not all ministries are convinced of the value of such systems, for whereas, four years ago, most O. and M. service took place in response to departmental initiative, by the time this report was in preparation about 70 per cent was undertaken at the request or suggestion of the Treasury Board (now the Management Board).

Recently, a number of users of the Management Board's systems services have perceived a conflict arising from its roles as both a service and a control group. For example, no charge is made for its services, staff being assigned to service or control projects as need arises. In the projects directed by the Management Board, where control is exercised, the users may benefit from the services rendered, but their option whether to accept or reject the recommendations is limited by reluctance to challenge the authority of the Management Board. While it seems desirable for the Management Board to have an Organization and Methods unit for its own requirements only, this function would appear to us to be inappropriate as a Board service to other ministries.

We believe that more attention should be given to the training of systems and procedures personnel. The former Department of Civil Service provided 11 courses in the S. and P. field of interest. Since the restructuring of the Government, these courses are now the responsibility of the Civil Service Commission. Unfortunately, not all ministries take advantage of those that are available. Moreover, the program suffers from lack of funds, and instructors have to be borrowed from the systems groups in ministries which are often reluctant to participate. A plan is now being developed to overcome this problem by compensating operating ministries for the instructors' time and charging a fee to the ministries whose personnel attend the courses.

We indicated earlier that, in our view, management personnel would benefit from experience in systems work. In the course of our study, we heard many suggestions that systems personnel, at various stages of their career development, should become more familiar with line operations. The complaint has been made that systems officers, having insufficient management experience, lack an appreciation of the impact of their recommendations, with the result that implementation plans are often inadequate. We propose, therefore, that systems and procedures personnel be given an opportunity from time to time to work in line management positions for periods of six months. A constructive approach might be to coordinate the secondment of staff from operating ministries to the systems groups (our recommendation 15.7) with the loan of systems officers to line positions in the ministries. Where suitable exchanges can be arranged, disruptions should be minimal.

Our recommendations in this respect are that:

- 15.8 Systems and procedures groups be integrated with A.D.P. systems groups in the Ministry of Government Services, except where separate groups are sanctioned by the Management Board.**

- 15.9 Management Board establish its own group of systems analysts to undertake the studies it requires and not charge ministries for studies it initiates; and that such studies be treated as distinct from those carried out by the Ministry of Government Services at the request of ministries.
- 15.10 Systems and procedures courses now made available by the Government be re-evaluated and funds provided for their improvement.
- 15.11 Systems and procedures personnel be seconded to line positions or operating organizations at intervals of three to four years throughout their careers.

## Project Management

Many managers seemed to us reluctant to devote sufficient time to a systems project. In our view, acceptable and effective application of a system will normally occur only when the user commits his organization, i.e. his own line personnel, to the task on a full-time basis. If the project does not warrant a full-time assignment, then the staff must have their work schedule adjusted to set aside enough time for the user to be represented as and when necessary. To ensure that recommendations made are suitable and to facilitate the coordination of systems projects within a user organization, the schedule should assign a senior official to each project on a day-to-day basis through to the end.

In this connection, we learned that users frequently abdicate their responsibility for project control, delegating it to the systems and procedures group. While we recognize that such users might not be able to offer technical expertise, we feel that they should share in, and be committed to, the completion and implementation of the projects concerned. This applies more to S. and P. than to A.D.P. projects, where technical knowledge is often of vital importance.

At present there is no common government approach procedure to charges for systems and procedures services. Since user branches are often not charged for services rendered, they usually omit to make a careful prior assessment of their actual needs. They have no measure of the efficiency of the work performed because, as a rule, no statement is prepared setting estimates against actual costs. Similarly, in the absence of a system of charge-backs, an S. and P. group has no basis for refusing job requests. As a service organization, the group is expected to accept every assignment.

The principal benefit from charging for services would be that line managers would become accountable and therefore more cost-conscious. The



rates charged should make possible full recovery of the operating costs in a period of one to two years. Costs of administration, including such activities as training and preparation of a proposal, should be recovered, in addition to employment costs and direct costs readily identifiable with specific projects.

Our study indicates that most users do not carry out preliminary analysis of the anticipated costs and benefits. We believe that managers will be able to make decisions with more assurance if they have advance answers to specific questions:

- ♦ How much will S. and P. service cost in terms of personnel, equipment and other resources?
- ♦ How many work days will be required to complete the project, representing how much elapsed time?
- ♦ What will be the probable benefits in the form of service improvements, staff reductions, and savings?
- ♦ What will be the potential disadvantages as regards changes in personnel requirements and existing contracts with outside agencies?
- ♦ What would be the effects of postponing, or not undertaking, the project?

In our view, a feasibility study should be carried out by the persons who would later be assigned to the job. This study should be conducted in the same manner as a systems project. After the user has prepared terms of reference, the team should draft a formal report to line management delivering answers to its questions. If the anticipated benefits would not justify the costs, then the project should be dropped. Without quantitative analysis of anticipated results, there can be no real measure of the S. and P. unit's effectiveness.

Our investigation shows that most S. and P. groups in the Government do not have an effective project control system. Although they record time worked, there is generally no cumulative record of time and cost. The majority consulted said either that projects are usually finished late or have no scheduled completion date. The inevitable result is that they take too long and cost too much, because the systems personnel do not work as efficiently when there are no yardsticks for measuring progress. A related problem is the absence of progress reports on continuing projects.

Very few users reported any follow-up studies by a systems and procedures group. Such studies have important advantages. The user benefits because after a review he can ask for improvements in the system; the S. and P. personnel benefit because they can watch their system in practice and learn from problems arising. Such a review should include an audit to



evaluate the performance of the system in relation to anticipated savings and intangible benefits. Review costs should be borne by the user as a necessary part of an efficient system.

We believe it is important to eliminate any waste resulting from duplication of systems effort in the Government. Systems coordinators should be informed monthly of all current and recently completed jobs. When a ministry requires assistance on any new project, a systems coordinator should consult the master list to ascertain whether another ministry is working on a similar task.

Our examination further disclosed that less than 25 per cent of the S. and P. groups surveyed offer industrial engineering or work measurement services. One example of their successful application was the productivity study covering methods and time measurement carried out in 1969 for the Health Insurance Registration Board by the Organization and Methods Services Branch of the Treasury Board Secretariat, as it then was. The numerous government operations that are clerical in nature should offer considerable scope for the use of such techniques. Few such studies are being conducted owing to the dearth of appropriately trained officers.

We accordingly recommend that:

- 15.12 Management Board establish methods of coordinating all systems and procedures projects in order to eliminate wasteful duplication.**
- 15.13 Projects be undertaken by teams combining user and systems staff.**
- 15.14 Wherever practicable, a member of the user organization be the project leader and therefore accountable for the direction and success of the project initiated by the user.**
- 15.15 The costs of systems and procedures work be charged to the organization for which the task is performed.**
- 15.16 Before initiating a systems and procedures project, the ministry concerned conduct a feasibility study.**
- 15.17 A study of project controls, including time and cost reporting, be established for all systems and procedures projects.**
- 15.18 Reviews of completed projects be undertaken to assess their effectiveness.**
- 15.19 Work measurement be carried out in areas of the Government where large numbers of people perform routine clerical work.**

## Records Management

An essential adjunct to systems and procedures is the management of records.

Policies and directives on this subject were set out in a regulation originally made under the Financial Administration Act and now deemed to have been made under the Management Board of Cabinet Act, 1971. This regulation, No. 179/70<sup>1</sup>, also described the duties and responsibilities of the Records Management Committee, which is a committee of the Management Board. The Archives Act further requires that all records of all government organizations be delivered to the Archivist when they are no longer in current use, but does not contain regulations for the identification and custody of records in use.

Our interviewers found that not all ministries had been carrying out the records management program described in Regulation No. 179/70. The regulation requires the Secretary of the Records Management Committee to ensure that departments (now ministries) follow the records management program. However, the Secretary is unable to implement this effectively owing to shortage of staff. On the other hand, the Records Services Branch, now incorporated into the Ministry of Colleges and Universities, has trained personnel who are regularly in contact with the departmental Records Officers and who might be usefully employed for this purpose.

We observed that those ministries usually have good programs where departmental records management committees exist to coordinate the activities of the Records Officer with the branches. We believe that the establishment of such committees in other ministries would make the branches more aware of the responsibilities of ministries to the Archives of Ontario and of the program established to help them meet their obligations. Such a committee, made up of branch directors and a Records Officer, would meet regularly to ensure that the ministry follows the directives of Regulation 179/70.

Provisions in this regulation require that each department establish a forms management activity within Records Management to achieve maximum economy through systematic control of the creation, production and use of forms. A report entitled *A Review of Forms Management Practices in the Government of Ontario*, produced by the Management Services Division of the former Treasury Board Secretariat, deals with these questions. We support its conclusions, and we are pleased that implementation has been effected and savings are anticipated.

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1. Subsequently amended.

Our inquiries established that the majority of Records Officers attached to ministries were performing the record management function on a part-time basis. In many cases, records management personnel, being situated in systems and procedures branches, tended to devote most of their time to what they found was the more interesting and rewarding function. We believe that a good rapport should be maintained between Records Officers and the systems personnel, but that Records Officers should devote their full time to records management and be placed in the administration division.

In this connection, we suggest that the job specifications for Records Officers be revised to give them increased responsibilities. At present, there is no career path in the Ontario Government for them and little provision for the appointment of suitable trainees.

We therefore recommend that:

- 15.20** A Records Management Committee be established in each ministry to support the Records Officer in administering the records management program.
- 15.21** The Records Officer of a ministry be responsible for all aspects of records management, including forms control and micro-recording applications, as stated in Regulation 179/70; and that he devote his full time to records management and be placed in the administration division.
- 15.22** In relation to the job specifications for the Records Officer series, it be recognized that such officers require technical skills distinct from those of systems and procedures officers, and that supervision of personnel is needed.

## STATISTICS: A FUTURE SOCIAL BAROMETER

### Introduction

#### *Statistics in Decision-making*

For the purpose of this study, we defined statistics as recorded, assembled, numerical data. This definition has the virtue of simplicity and should be generally acceptable.

Governments gather and maintain statistics as by-products of the governing process, as means to an end (for example, as an aid to decision-making), or as end-products required to comply with law or established custom. Statistics usually compiled and recorded as an aid to decision-making, or as end-products, fall into several broad categories of application:

- ♦ for basic research;
- ♦ as an aid in policy-making;
- ♦ for budgeting and planning;
- ♦ as a general administrative aid;
- ♦ to assist in the operations function;
- ♦ to comply with legislation;
- ♦ to meet the requirements of public accountability.

Research is one important purpose for which statistical data are maintained. The determination of cause and effect relationships and correlation studies are among the objectives here. This aspect of statistics is the most demanding with respect to accuracy, and its analytical function often requires an expert knowledge of the subject matter (medicine, for example), as well. For these reasons, statistical data used for research purposes must be subject to strict quality control exercised by skilled and experienced people. The requisite quality standards may demand a considerable quantity of data from each source. Care must be taken, in such cases, to ensure that some respondents are not oversurveyed, since the reliability and timeliness of data may then suffer.

Statistics may be used as input data for predictive models. By indicating the effects of policy change, these can assist decision-making. One such example is economic analysis, which plays an important role in identifying the likely costs and benefits of various alternatives and in furnishing important clues to the types of policy likely to be effective.



However, the analysis of the changing structure of the economy is complicated by the difficulties of measuring the output of industries and the inputs associated with that production.

The budgeting and planning functions require forecasts which call for models of varying complexity. Many of these demand the maintenance of a large amount of statistical data, because too little research has been directed at finding out the correlation between input and output variables. Frequently, a few variables dominate in pointing to a future trend. Yet others of less significance may be used in forecasting. The maintenance of these additional data will increase the cost, but not necessarily the quality, of the forecast. Skilled statisticians, by establishing that such data are superfluous, can often remove any necessity for their collection.

Statistics may also be used as an administrative aid in decision-making. In view of the shortage of skilled managers and the need to reduce the administrative costs of government programs, every effort should be made to use modern management techniques which enable a competent manager to broaden his span of control and yet retain effectiveness. Variance reporting, which emphasizes deviations from plan, is one such technique. Its use for the control of large programs depends on the availability of aggregate control indices, which can be simply and quickly developed from actual performance data and which, at an acceptable cost, provide adequate and sensitive warning of problems. The preparation of such indices requires the skill and knowledge of the manager, coupled with the expertise of a professional analyst or statistician.

### *Statistical Activity in the Government of Ontario*

It is difficult to obtain accurate and comprehensive data about the activities of a ministry in an area as ill-defined as statistics. From interviews in 24 ministries, we assembled a wide range of answers and noted a marked divergence of opinion on the role of statistics in decision-making. Despite the diversity of response, we can make certain general statements concerning statistical activity in the Government.

Every ministry performs some sort of activity which it considers statistical in nature. These actions include surveys, statistical sampling, maintaining statistical records, publishing departmental statistical data, forecasts using predictive models, and collaboration with Statistics Canada. Most ministries have decentralized their staffs to meet the statistical needs of the branches, while several have a central statistical branch to serve all their subgroups.

As regards the clerical and professional statistical staff employed,

, we learned that most ministries have fewer than six professionals and less than six clerks. Two ministries indicated that they employed over 200 non-professionals to conduct surveys and to maintain statistical records.

The Ontario Statistical Centre (O.S.C.) is one of the largest employers of professional help among the organizations engaged in statistical activities in the Government. It provides statistical information for the Ministry of Treasury, Economics and Intergovernmental Affairs and also attempts to exert a coordinating influence on collection and analysis of statistical data in the Government as a whole. The O.S.C. conducts the Census of Manufacturers and the Census of Mines and Forestry. It is at present developing a facility for the processing of computerized 1971 census data and its dissemination to the ministries and agencies. The Centre gathers and publishes information on credit unions, mortgage registrations, and the services and trades industries. Some professionals are also working on the formulation of statistical standards.

Ministries obtain their data through various channels. About half of them draw over 75 per cent from surveys or from internal sources. Most ministries derive a small amount from Statistics Canada.

The budget information we received included funds not reported in detail. It was not possible to estimate the expenditure on specific statistical activities, so that the figures provided probably included monies spent on non-statistical functions. However, our survey indicated that the annual total expenditure on professional and clerical staff in the statistical sphere stands at about \$7 million.

In sum, then, each ministry tries to meet its own requirements. Many reported that their data and those collected by their counterparts may well overlap to some extent. Most would welcome improved cooperation among ministries in gathering data, for the dual purpose of minimizing duplication and exploiting government statistics to the maximum.

#### *Interaction between Statistics Canada and the Government of Ontario*

The latest Statistics Act of the Government of Canada received Royal Assent early in 1971. It allows for more cooperation with the provinces in the collection and exchange of statistics than was possible in the past. Under Section 10 of the Act, Statistics Canada may now enter into an agreement to exchange with, or supply to, a provincial statistical agency specific statistical information, provided that the provincial agency meets three requirements:

- a) it must have statutory authority in the province to collect the information to be transmitted;

- b) it must be subject to standards of confidentiality at least as strict as those applying under the Statistics Act of Canada;
- c) its officers must be subject to penalties for violating confidence which are substantially the same penalties as those provided under Section 16 of the Statistics Act of Canada.

Section 11 of the Act permits Statistics Canada to enter into an agreement with any provincial government department for the exchange of information collected jointly. Such an arrangement would promote coordination of statistical activities, elimination of some federal-provincial duplication, and wider acceptance of statistical standards.

The Ontario Statistics Act, 1962-63, gives the Lieutenant Governor in Council the right to authorize the Minister of any ministry within the Government of Ontario to:

- ♦ enter into agreements with the federal and provincial governments in Canada for the exchange or joint collection of statistical information;
- ♦ collect, compile, analyze and publish statistical information;
- ♦ collect statistical information jointly with the Minister of any other ministry of government.

Section 4 of the Ontario Statistics Act specifies that those who have access to statistical information under this Act must take an oath, and may disclose information only with the authorization of the Minister.

Statistics Canada at present does not share confidential information with the Government of Ontario except by special agreement negotiated in each case. One reason for this appears to be Ontario's less stringent secrecy provision. Ontario's Act gives a provincial Minister the power to permit the disclosure of information obtained under the Statistics Act, whereas no such power is given to a federal Minister under the federal Statistics Act. Another discrepancy between the two Acts affects penalties. The penalties listed in the Statistics Act of Canada are considerably more severe than those contained in the Ontario Act. Consequently, Ontario, in order to obtain confidential information from Statistics Canada, must alter its legislation.

Although the Government of Ontario does not obtain confidential information from Statistics Canada, the two enjoy a close working relationship. The Ontario Statistical Centre, in its various census activities, consults directly with Statistics Canada and uses the federal questionnaire. In addition, most ministries or agencies in Ontario exchange some data with Statistics Canada. This province tries to keep abreast of statistical activity



across the country by attending federal-provincial conferences. Statistics Canada believes that the provinces should meet provincial statistical needs, especially in areas such as education, health and social services. By the same token, provinces should avoid duplicating work performed by Statistics Canada.

Most provinces have developed, or are in the process of developing, statistical agencies. Quebec has had its own central Bureau of Statistics since early in the present century. Ontario, British Columbia and Alberta have all now introduced an element of a central statistical organization, while Nova Scotia and Manitoba have evolved legislation leading to the adoption of one in some form. One reason for this move towards centralization is the need for greater cooperation with Statistics Canada in order to eliminate duplication of effort across the country.

We accordingly recommend that:

**16.1 New legislation be enacted to replace the present Ontario Statistics Act and that the new Act include clauses containing the following specific provisions:**

- a) the formation of an Ontario Statistical Bureau, with authority to collect statistical information;
- b) standards of confidentiality which are at least as strict as those applying under the Statistics Act of Canada;
- c) officers of the Ontario Statistical Bureau to be subject to penalties for violating confidence which would be substantially the same as those provided under Section 16 of the Statistics Act of Canada.

## **Organizational Alternatives**

### *Description of the Alternatives*

The problems of organizing statistical services in the Government differ from those encountered in the areas of systems and programming, office services or personnel administration. In the case of statistical services, special emphasis must be placed on protection of the rights of the individual and on the implications of the relationship between the Province and Statistics Canada.

With this in mind, we shall now discuss different ways in which statistical services may be provided to the Government of Ontario. The four



approaches described are not intended to encompass all the possible methods of organizing statistical effort in the Government.

### *Fully Decentralized Groups*

Under a fully decentralized scheme, a ministry which could justify the formation of an internal statistical services branch would be permitted to form one. Ministries which could not justify a statistical group of their own would obtain statisticians from other ministries or hire consultants. There would be no formal interministry coordination of statistical activity and individual ministries would maintain liaison with Statistics Canada.

### *Decentralized Groups with a Central Secretariat*

Under this arrangement, a central secretariat would be formed to coordinate the statistical activities of the various decentralized groups in the ministries. It would maintain liaison with each ministry through a co-ordinator appointed by the ministry. This central secretariat would consist of a small staff responsible for keeping records of statistical activity in each ministry and an index of all major files in the Government. Liaison with Statistics Canada for detailed studies would be carried out by ministries.

### *A Central Statistical Agency with Decentralized Research Groups*

Another possible variant would be to create a central statistical agency. It would be responsible for:

- ♦ conducting surveys and censuses;
- ♦ federal-provincial liaison and joint studies;
- ♦ coordinating interministry statistical activities through liaison officers appointed by ministries;
- ♦ establishing standards for common data elements; and
- ♦ providing an index service to government data files and statistical activity.

To ensure confidentiality, the agency would have the duty to ensure that data gathered in surveys and obtained from Statistics Canada were properly safeguarded. Such a central agency would also provide statistical services to ministries on request. Ministries engaged in specialized research using statistics could form small internal research branches. These branches would not, however, undertake regular systematic surveys, which would be performed by the central agency.

### *A Fully Centralized Statistical Agency*

If a fully centralized organization were adopted, it would carry out all statistical activity within the Government. No statistical branches would exist in the ministries, and all statisticians in the Public Service would report to the central body. This agency, besides having responsibility for federal-provincial liaison and joint studies, would conduct all government surveys and censuses. The agency would further be responsible for safeguarding confidential data, and would establish standards for common data elements.

### *Evaluation of Alternatives*

Although our analysis pointed to a best choice, it also showed that some characteristics of both the fully centralized and fully decentralized approaches were necessary. The central statistical agency with decentralized research groups offered the best mix of these desirable features, without any serious disadvantages.

The advantages of a central organization lie in the ability to supply reliable, timely, objective data for policy planning, as well as statistical skill of high quality for analysis purposes. Such an organization must, however, be designed to be specially responsive to user needs; at the same time, it must contain a mechanism capable of suitable appreciation of user problems.

A fully decentralized organization would offer the simplest method of providing statistical services catering to the special problems of individual ministries. However, the criteria relating to the quality, objectivity and reliability of statistical data and of their analysis would not be so well satisfied. Furthermore, the total cost of providing services through such an organizational structure would be high. Interministry coordination and the removal of duplication would be difficult. Moreover, liaison with Statistics Canada would be less satisfactory than with a central agency.

We recommend the third alternative as the best choice. The proposed Ontario Statistical Bureau (O.S.B.) would thereby become responsible for supplying policy planners with accurate, timely, and suitable data and analytical services. To achieve such objectives, it would conduct systematic surveys and censuses, and provide a centre of statistical excellence in the province. This organization would also be responsible for federal-provincial liaison on statistical matters. It would further be charged to:

- ◆ perform joint statistical studies with Statistics Canada;
- ◆ coordinate interministry statistical activities;

- ♦ set standards; and
- ♦ provide provincial education and leadership in the science of statistics.

Since the present statistical services in the Government of Ontario are essentially decentralized, the selection of the third of our approaches would involve some changes. Particular care would need to be taken during their implementation to ensure continuity of statistical services to ministries.

We therefore recommend a further specific clause in the new Ontario Statistics Act to the effect that:

**16.2 The Ontario Statistical Bureau have sole responsibility for conducting all government censuses and the authority to perform and control the gathering of government statistics.**

We believe that recommendations 16.1 and 16.2, if implemented, would allow the exchange of confidential data with Statistics Canada.

## **The Ontario Statistical Bureau**

### *Functions and Scope of Activities*

The O.S.B., in order to provide sufficiently accurate, suitable and objective data for the economic policy and planning functions of the Government, would need to develop sensitivity to the present and likely future requirements of economic planning groups. To minimize potentially costly delays in collecting and processing necessary data, the Bureau should be capable of anticipating future demands and of reacting rapidly to urgent requests. At the same time, experienced officers would be needed to analyze data and to draw statistical inferences. A high level of professional excellence should therefore be expected and encouraged among the staff, since the Bureau will be responsible for providing data essential for long-range economic planning and for policy-making.

By placing the direction of statistical activities in the care of the O.S.B., the Government could ensure that the data needed for the planning of economic policy would be provided and that ministries would conform to the standards for statistical data established by the Bureau. Statistical activities should be coordinated, with the object of keeping ministries informed, and to avoid duplication of effort.

In addition to conducting censuses, the O.S.B. would control all Ontario Government surveys involving more than a certain number of



respondents. The Royal Commission on Government Organization (the Glassco Commission) recommended that this number be set at 10, which we regard as a suitable figure. Control by the O.S.B. would protect the public from being oversurveyed and would reduce duplication among ministries. These would be required to submit survey questionnaires to the O.S.B. for approval. Once the needs of ministries were clearly understood, the Bureau should be in a position to determine which surveys would be best performed on a centralized basis and how many people would be required. We believe that all censuses and some surveys, particularly those that are regular and systematic, should be so conducted, and that user ministries should pay for them. Not only would a central agency be in a position to carry out such activities at minimum cost, but, by concentrating statistical skills, it could also obtain the most reliable data.

The O.S.B. would contribute statistical skill of high calibre to the policy-making and long-range planning functions. Its service here would include advice on the types of data required for assessing the effects of policy alternatives. Assistance would be given in preparing forecasts and information on trends. A group in the Bureau should have the capability to apply mathematical techniques in developing quantitative models for the analysis of economic problems.

It would be one of the O.S.B.'s responsibilities to formulate and enforce standards for protecting the confidentiality of data collected for statistical purposes. Special attention should be given to the proper discharge of this function, since the reliability of data collected would rapidly be eroded if the respondents lost confidence in the protection provided. It should be noted, moreover, that certain data are obtainable from Statistics Canada only if confidentiality and security standards are strictly enforced and policed.

Close liaison with Statistics Canada would be another of the duties of the O.S.B., as well as that of coordinating all statistical activity involving the Government of Ontario and Statistics Canada. If suitable provincial legislation is passed to meet the federal requirements, this would form a basis for future joint studies with the exchange of confidential data.

It would be part of the function of the O.S.B. to provide statistical consultation services to ministries on a cost-recovery basis, when required. The Bureau could also advise ministries on the selection and best use of consultants for statistical work. In some cases, it would be less costly for ministries to use the services of the O.S.B. or of outside consultants, rather than hire full-time statistical staff.

In consultation with ministries, the O.S.B. should establish statistical standards and definitions. For example, data on the same subject in different files are often incompatible because of the absence of a common



set of standards. Individual data files are generally designed to serve the needs of the primary user only, and are less effective in meeting the needs of secondary users. The development of standards would facilitate the exchange of data among ministries.

An index to the major statistical files in the Government should be maintained in the O.S.B. It should describe their structure, organization, contents and use, with the main objective of avoiding duplication among ministries and improving access to the data. In view of the multiplicity of government files, one of the first tasks of the O.S.B. should be to define rules for the inclusion of files in the index.

The O.S.B. would act as a focal point for the exchange of data and for statistical activity within the Government. After its formation, ministries would continue to perform most of the statistical activities now being carried out by their constituent organizations. However, the O.S.B. would:

- ♦ conduct censuses;
- ♦ control surveys;
- ♦ establish and enforce standards;
- ♦ maintain liaison with Statistics Canada; and
- ♦ direct and control government statistical activity as a whole.

In the light of these considerations, we recommend that:

**16.3 The proposed Ontario Statistical Bureau be organized to perform the following functions for the Government:**

- a) provide sufficiently accurate, suitable and objective data for the economic policy and planning functions;
- b) direct and coordinate statistical activity;
- c) control all survey activities and conduct censuses;
- d) contribute statistical skill of high calibre, including the capability to apply mathematical techniques to the analysis of economic problems;
- e) protect the confidentiality of data collected for statistical purposes;
- f) carry out joint studies, and act as liaison, with Statistics Canada;
- g) provide statistical consultation services to ministries;

- h) undertake research in statistical methods to improve the ability of the Government to attack problems not responsive to standard procedures;
- i) establish statistical standards and definitions;
- j) maintain an index to the major statistical files in the Government;
- k) act as a focal point for the exchange of data and for statistical activity within the Government.

### *Liaison with Ministries*

Each ministry should appoint a coordinator as a link with the O.S.B. This coordinator, reporting to a senior manager in the ministry, would spend some of his time maintaining liaison with the O.S.B., but be free for other duties, according to the level of the ministry's statistical activity.

The coordinator would be responsible for ensuring that the statistical services provided to the ministry by the O.S.B. were satisfactory. It would also be his function to supply the O.S.B. with details of the statistical activity in the ministry. He would further see to it that any surveys to be conducted by the ministry, and involving more than ten respondents, had the prior approval of the O.S.B.

Naturally, the coordinator, who would be paid by the ministry, should be chosen for his ability to communicate with statisticians and laymen, and for his knowledge and understanding of the ministry's operations and special problems. While he should have some experience in statistics and data processing, he would not need expertise.

We therefore recommend that:

- 16.4 A coordinator be appointed by each ministry to maintain liaison with the proposed Ontario Statistical Bureau.**

### *Organizational Placement*

The Ontario Statistical Bureau should be organizationally responsible to the Ministry of Treasury, Economics and Intergovernmental Affairs. Its chief officer could report either to the deputy minister or to the Minister. We feel that the relationship between the Bureau and the ministry should be patterned on that now existing between Statistics Canada and the federal Minister of Industry, Trade and Commerce. Such an arm's-length relationship, besides protecting confidential data, would offer assurance that the Bureau's statistical activities would be tailored to the needs of the Government as a whole.

Valid arguments can be found for placing the O.S.B. either in the Ministry of Treasury, Economics and Intergovernmental Affairs or in the Ministry of Government Services. However, the former will constitute the Government's focal point for economic policy planning. Economic and statistical data — which would largely be supplied by the proposed O.S.B. — are not only its primary research tools, but also an integral part of its central economic research capability. Logically, therefore, the O.S.B. would appear to be best located in the Ministry of Treasury, Economics and Intergovernmental Affairs — but in an arm's-length posture, to guarantee objectivity in the collection and analysis of data. Since the Ministry with which we see the Bureau associated would act in an integrative capacity in relation to other ministries, the coordination and control roles of the O.S.B. might be regarded as additional reasons for incorporating the agency within that ministry. Furthermore, that same ministry is to act as the linchpin in provincial-federal and interprovincial relationships. Consequently, it seems entirely fitting that the Ministry in question should assume responsibility for the O.S.B., which would be engaged in joint studies with Statistics Canada and would thus be handling sensitive and confidential government data.

In essence, placement of the O.S.B. in the Ministry of Treasury, Economics and Intergovernmental Affairs would reflect the Bureau's role in supplying data for economic policy-making, in controlling government statistical activity, and in exchanging data with Statistics Canada. On the other hand, placement in the Ministry of Government Services would emphasize its role as a service organization to meet the needs of other groups within the Government.

We therefore recommend that:

- 16.5 The proposed Ontario Statistical Bureau be located in the Ministry of Treasury, Economics and Intergovernmental Affairs as the sole organized statistical agency in the Government; and that the existing authority empowering ministries to gather statistics independently be rescinded.**

### *Controls and Financing*

Financial controls of the O.S.B. must be compatible with its two primary objectives:

- ♦ providing data and services for the planning of economic policy; and
- ♦ directing and coordinating statistical activities in the Government.



Ideally, the group should be financed by a method that provides a self-regulating mechanism, so that productivity is encouraged and poor performance is not supported. However, such financial control schemes, usually operating on a cost-recovery basis, are less suitable for application to a control function than to a service function. Control functions will, however, form part of the O.S.B. activities. Initially, use of the O.S.B. services should be actively encouraged. They will promote, within the Government, the spread of information capable of improving the process of decision-making and planning.

For this reason, the Consolidated Revenue Fund should, at first, allocate sums to meet the administrative costs of operating the O.S.B.; the provision of data and services for the planning of economic policy; the cost of coordination, development of control standards, and the preparation of an index. By means of regular operations audits, the ministry responsible for the O.S.B. should ensure that the users affected are satisfied with the services they receive. As the Bureau becomes well established and the pattern and level of its activities clearly emerge, other methods of financing the aspects of its work in question should be explored.

Budgeting for consultation service to ministries, and for the design, performance and analysis of surveys carried out on behalf of any ministry, should be based on the cost-recovery principle. Separate monies should be budgeted by the Government to cover the cost of joint studies by the O.S.B. and Statistics Canada. Where a joint study is performed at the request of a ministry, the Province's portion of the cost should be met by the individual ministry concerned.

### *Continuity during Implementation*

Steps should be taken to arrange continuity of statistical activity in the Government while the Ontario Statistical Bureau is brought into being. The existing Ontario Statistical Centre (O.S.C.), part of the Economics and Statistical Services Division of the Ministry of Treasury, Economics and Intergovernmental Affairs, at present performs a number of surveys and censuses, and also attempts to coordinate the government statistical production. Since we have recommended that these activities be taken over by the new Bureau, we propose that the O.S.C. be discontinued when the new group has been assembled. As the Bureau would probably be staffed, at least partially, by personnel currently employed in the O.S.C., careful coordination during the transition period should preserve continuity of statistical effort.

At the present time, the Census of Manufacturers, the Census of Mines and Forestry, and the preparation of financial information for credit unions, mortgage registration, and services and trades are on the schedule of tasks performed by the O.S.C. It now seems timely to reassess the



importance of, and need for, each of these surveys and censuses. Where clearly justified, they should be conducted by the new Bureau, provided that the users are prepared to pay the full costs. The distribution of census data from Statistics Canada, now carried out by the O.S.C., should also be transferred to the proposed Ontario Statistical Bureau.

### *Staff Requirements*

As we have not undertaken a detailed examination of the probable workload of the projected O.S.B., the necessary staff complement cannot be accurately forecast. However, we envisage a core specialist group, with statistical experience and training, to direct and control statistical activity in the Government and supply internal consultation services. The tasks of developing standards and coordination with ministries and Statistics Canada would require professionals with proven ability in communication and statistical experience. A person with some knowledge of data processing and aptitude for communication should be employed to oversee the compilation of the index of government files.

Since the Bureau would play a very important role in the gathering of data for economic policy and planning, we believe every effort should be made to choose a manager of outstanding ability and highly skilled, professional staff. All senior managerial positions in the O.S.B. should, therefore, be open to competition.

We consequently recommend that:

- 16.6 The proposed Ontario Statistical Bureau be placed under the direction of a person chosen primarily for skill in management and communication;**  
**that the person appointed possess a good knowledge of statistics; and**  
**that all senior management positions in the Bureau be open to competition.**

### **Conclusion**

In our view, statistics and statistical services, as applied by government in the future, should reflect and, perhaps, anticipate the changing attitudes and needs of society. We feel that economic statistics have proved to be imperfect social indicators and that new social indices can be developed.

Because of swift technological advances in communications and electronic data processing, gauging public opinion is likely to become a much

more rapid process. Such improved instruments should be used by government as means of heightening its sensitivity and responses to the requirements of society and as aids in raising the quality of its services. We believe that, in pursuit of these aims, all government surveys should be made public at the time they are delivered to the appropriate authority.

## **INTERCHANGE OF PERSONNEL BETWEEN THE PUBLIC AND PRIVATE SECTORS**

A higher calibre of management skills among public officers is essential to the achievement of improved management and administration of government services in the 1970's. That has been a central conviction of this Committee from the outset. It is an objective that can be attained through more advanced training, by the infusion into the Public Service of men and women of proven ability from outside or by a combination of both these measures. The process can be very much helped by an environment favourable to innovation and technological development.

In our various interim reports, we have made several recommendations designed to create better conditions for the development of managerial effectiveness. The ultimate aim of each is to bring to bear the most appropriate blend of disciplines and skills on matters calling for special problem-solving capabilities. It may be useful to recapitulate the relevant passages here.

In relation to the development of top administrators, we recommended that:

- 2.1 The Government formulate a policy and implement a planned program designed to give selected managers the opportunity to obtain 'corporate', interdepartmental experience. . .**

In respect of task forces, that:

- 6.1 The Government consider making increased use of task forces, as defined by the C.O.G.P., to tackle problems crossing functional lines or involving more than one department or agency.**

In regard to the utilization of human resources, that:

- 7.6 Where possible, at least three eligible candidates be identified for each vacant position. . . ; and that this search be extended outside the Public Service, if this is desirable.**
- 7.10 Ways be provided in which an employee can assist in planning his own career.**

A policy of interchanging staff between the Public Service and the private sector would, we believe, materially advance the objective envisaged by all the recommendations cited. At the same time, such an exchange

would promote better understanding among decision-makers in the private sector of the processes of government.

The movement of people across the boundaries of the public and private sectors to take appointments in either of these on a temporary or longer-term basis is not a new development. Today, most people in professional, technical or clerical occupations who wish to make a shift from a business employer to a provincial government or from, say, a municipal administration to a comparable position in the private sector will encounter few barriers. Their skills and experience are readily transferable, often to their advantage. Little or no prejudice seems to exist against qualifications obtained in another environment.

A close association has grown up over time between the academic and professional elements of the private sector and government, because, among a number of reasons, government has been deeply involved in the organization and regulation of schools, the courts and other fundamental aspects of national and provincial life. Lawyers have tended to be strongly represented in parliaments and legislatures, while as practitioners or as judges they are commonly appointed to Royal Commissions. Many incumbents in, or aspirants to, elective offices come from an educational background. Other scholars have left their mark on public administration through the medium of consulting assignments or special studies.

Bodies such as the project advisory groups of the Committee on Government Productivity, as well as ministerial committees, continually provide opportunities for men and women of senior executive rank from a very wide variety of backgrounds in business, labour and the professions to give government the benefit of their counsel on a part-time basis. Nevertheless, present patterns of interchange among business managers, labour officials and public administrators in the form of full-time assignments show significant gaps. Any regular flow of such interchanges has encountered obstacles in all three spheres.

It is the view of the Committee that the standards of public administration can be substantially raised through a procedure whereby Public Service managers of middle and higher rank are posted to the private sector, and people of similar calibre enter the government service from outside, in each instance for a term of about one to three years. As already indicated, this approach has been incorporated specifically into this Committee's recommendations for the development of senior administrators and underlies other recommendations directed towards the evolution of a more flexible personnel policy.

Other governments have pioneered and applied interchange programs which, in our judgment, have achieved general success in fulfilling their objectives.



Interchange Canada, a special project devised by the Government of Canada, involves the temporary assignment of officers between the Federal Public Service on the one side and the business community, universities and different levels of government on the other. The arrangement, which is administered by the Public Service Commission of Canada, consists of two official programs:

- ♦ the Executive Interchange Program, and
- ♦ the Career Assignment Program.

The objectives are stated to be fourfold:

- ♦ to promote more effective communication and understanding among different levels of government, business and other spheres of activity in Canada;
- ♦ to enable established executives to broaden, through interchange, their experience in a variety of suitable positions;
- ♦ to assist middle managers of high potential in advancing to the executive level through special training and selected placement in more senior positions;
- ♦ to help provide participating organizations with a mutually beneficial exchange of senior executives and those with the capacity to rise to senior rank.

The President of the United States has created two similar programs during the past decade. In 1964, the White House Fellows program was established as a vehicle for schooling able young people for leadership in the management and administration of government affairs. Every year, 15 to 20 young citizens are selected from across the country to serve for one-year terms as assistants to Cabinet officers or to members of the White House staff. The President's Executive Interchange Program, launched in 1969, is designed to provide promising young executives in business and government with exposure in a management setting to the philosophies, disciplines, objectives, practices and problems of the other arena. Both schemes have encouraged a continuing flow of people into and out of government.

In the United Kingdom, a comparable arrangement exists which introduces into government a number of senior businessmen for a two-year period to study fields of activity in which their particular expertise can make a substantial contribution. Their function is to study the circumstances as a prelude to recommending and implementing new approaches.

Such interchanges are highly desirable and constructive from several points of view. Government in these times is committed to achieving solutions to social and economic needs and problems in addition to

multitudinous other tasks. Experience has shown beyond doubt that no government can attain these indispensable goals by its own efforts or in isolation.

People who are introduced into the Public Service from outside to further this effort are likely to bring with them a freshness of outlook and new, or at least different, perspectives, which may be reflected in more effective legislation. Those attributes will be enhanced by their experience in business, labour, education or some other form of enterprise which can exercise a beneficial influence on government in improving its administrative concepts and apparatus.

Equally, any government, to realize its objectives, requires the presence among the people of men and women who, by reason of direct experience in public administration, can interpret the purposes, policies and programs of the government to a wide circle of colleagues, friends and others. The obvious result of such continuing intercommunication through qualified, seasoned observers is a feedback of essential information to the government about the effectiveness or otherwise of its ideas and actions.

Seen from outside, a temporary government posting offers an opportunity to acquire an understanding of government attitudes and processes, the chance to contribute to improvement, and the possibility of performing a missionary role for the interests and methods of the private sector. Contrariwise, private organizations, by installing public servants on temporary assignment in senior posts of their own, can enrich their working environment through exposure to the broader perspectives of the public administrator. All private enterprises today are obliged to devote more and more attention to the viewpoints of the public, a trend which has already had effects in the composition of the boards of directors of some corporations. For the purposes of organizations of this kind, a public servant on the staff for a period can bring a sense of direction to projects with a special public orientation.

Many young people in our time have a strong inclination to perform service of some kind in the public interest, perhaps before embarking on the career of their choice. While they may not wish to commit themselves to the Public Service for life, temporary government assignments offer a large range of opportunities for service to people. For senior members of educational institutions or business managers, a period in government can provide some of the stimuli and satisfactions of a sabbatical leave, while public servants entering private organizations on short-term assignments can look to be mentally refreshed in similar ways.

Concern about conflict of interest on both sides has undoubtedly been one of the factors weighing against a more widespread use of exchanges of executives, managers and other staff of comparable calibre. Governments

and their agencies, ever sensitive to the dangers of seeming to give preference or advantage to private entrepreneurs or organizations, have sought to reduce such risks by excluding outsiders from a share in the development of their policies or in implementing programs. For similar reasons, they have prevented some of their own best people from seeking the broadening experience of a period of activity in the private sector. Private organizations have been just as anxious to avoid the appearance of influencing government by permitting selected managers on their side to enter upon a limited term of public service. There may also be apprehension that if public servants are associated with particular private undertakings over a lengthy period and thereby become familiar with their operations, the ability of these officials to administer the law impartially may be affected. We believe that the problem of conflict of interest can be overcome by careful selection and placement.

Although there are real differences in operation between government and the business world, these do not constitute a genuine obstacle to interchange. Managerial ability can be effectively utilized in either sector provided that a smooth mechanism for transfer is available.

Another argument used against interchange on both sides is that the persons involved may suffer loss of seniority or position in their respective organizations through absence for a period of two years. However, effective manpower planning and development methods are in process of evolution in both sectors. Once such programs, containing provision for the effects of outside assignments, are functioning, there would clearly be no more difficulty in transferring a man or woman to a different organization, inside or outside government, than to another division of the same company. The argument in question is further nullified by the fact that interchange is intended to advance managerial development.

Differences in salary scales prevailing in the main sectors have often been cited as a drawback to proposed exchanges of staff. While this may have been the case ten years ago, salaries today in all sectors are broadly competitive, except at the very top level.

We believe that the creation of an exchange program for the Government of Ontario is a project meriting serious consideration. In our judgment, it would have the double effect of enhancing the capabilities of managers in both the main arenas affected and would help management in the private as well as the public sector to acquire a better understanding of operations on both sides.

We therefore recommend that:

- 17.1 A program for the interchange of personnel between the public and private sectors be devised and administered by the Management Board as a means to develop managers in both sectors, and to promote among all concerned a better understanding of operations on both sides.**



## SUMMARY OF RECOMMENDATIONS

### Interim Report Number One

*The C.O.G.P. recommended that:*

#### 1. THE AUDIT FUNCTION

- 1.1 The Audit Act be amended to remove from it the requirement for the Provincial Auditor to examine requisitions for expenditure of funds within approved appropriations before a cheque may be issued.
- 1.2 The present pre-audit function be transferred to the Comptroller of Accounts as an interim step.
- 1.3 The Treasurer of Ontario be empowered, on the advice of the Comptroller of Accounts, to transfer the pre-auditing function to departments as they demonstrate their capabilities to maintain adequate legal and accounting controls of expenditure.
- 1.4 The Provincial Auditor assume the role of financial auditor of accounting systems and transactions.
- 1.5 The Comptroller of Accounts establish criteria for the adequacy of accounting system performance, measure the effectiveness of each department's system against the established criteria and develop a plan to upgrade those systems found wanting.

#### 2. DEVELOPMENT OF TOP ADMINISTRATORS

- 2.1 The Government formulate a policy and implement a planned program designed to give selected managers the opportunity to obtain 'corporate', interdepartmental experience. Since the example of style in management comes from the top, this program should initially be limited to a group of approximately 100 people: deputy ministers, assistant deputy ministers, heads of ministerial agencies and equivalent ranks.

#### 3. MANAGEMENT OF SUPPLY AND SERVICES

- 3.1 The Treasury Board be responsible for the approval and publication of the Government's purchasing and supply policies and procedures.



- 3.2 The Central Supply Division, Department of Public Works, be responsible for developing policies and procedures for the approval of Treasury Board.
- 3.3 The role of the Central Purchasing Committee be modified to that of an advisory committee.
- 3.4 Central Duplicating should be the only large government duplicating facility serving all departments that are within easy access of the Queen's Park complex. Treasury Board will be responsible for deciding whether users can justify their own facilities based on remoteness.
- 3.5 Departments should be responsible for the operation of copy centres for small volume and urgent work.

#### 4. PARLIAMENTARY ASSISTANTS

- 4.1 Parliamentary Assistants be appointed to provide specialized assistance for ministers in charge of major departments.

#### 5. CABINET COMMITTEES AND SUPPORT STAFF

- 5.1 The Government consider the increased use of Cabinet committees and the provision of the necessary support staff.

#### 6. TASK FORCES

- 6.1 The Government consider making increased use of task forces, as defined by the C.O.G.P., to tackle problems crossing functional lines or involving more than one department or agency.

### Interim Report Number Two

*The C.O.G.P. recommended that:*

#### 5. CABINET COMMITTEES AND SUPPORT STAFF

- 5.2 The Cabinet establish two senior Cabinet committees, the Policy and Priorities Committee and the Management Committee.
- 5.3 The chairmen of these committees be Ministers without operating responsibility.

- 5.4 The Cabinet establish a Legislation Committee.
- 5.5 The Cabinet establish Coordinating Committees.
- 5.6 The Cabinet committees be supported by additional secretarial resources.
- 5.7 The Cabinet accept more formalized procedures.

## 7. INTEGRATION OF PAYROLL AND PERSONNEL INFORMATION

- 7.1 A system of centrally collecting basic data on employees which is integrated with the central payroll system be approved and that a program of integration be implemented.

### Interim Report Number Three

*The C.O.G.P. recommended that:*

## 8. STRUCTURE OF GOVERNMENT

- 8.1 Policy Ministers without operating responsibilities be appointed to devote full-time attention to setting priorities, to providing leadership in policy development, and to coordinating related programs of government within their respective policy fields.
- 8.2 The Policy and Priorities Board of the Cabinet be composed of the Prime Minister as Chairman, the Chairman of the Management Board of Cabinet, the Minister of Finance and Intergovernmental Affairs, and the Policy Ministers.
- 8.3 A Social Development Policy Field be established containing the following Ministries: Colleges and Universities, Education, Health, and Housing and Social Services.
- 8.4 An Environment and Resources Development Policy Field be established containing the following Ministries: Agriculture and Food, Environment, Labour, Natural Resources, Trade and Industry, and Transportation and Communications.
- 8.5 A Justice Policy Field be established containing the following Ministries: Attorney General, Correctional Services, Public Protection.
- 8.6 Policy field committees of Cabinet be established. In each case, the membership of these committees would be all of the

Ministers within a particular policy field, chaired by their Policy Minister.

- 8.7 A Ministry of Finance and Intergovernmental Affairs be established.
- 8.8 Parliamentary Assistants be appointed to assist the Minister of Finance and Intergovernmental Affairs.
- 8.9 A Ministry of Revenue and Government Services be established, with primary responsibility for:
  - a) administering the collection of revenues, and
  - b) the provision of common services.
- 8.10 The Minister of Revenue and Government Services be a member of the Management Board.
- 8.11 The following principles be applied in the delivery of common services:
  - a) policy and standards on the delivery and use of common services be approved and promulgated by the Management Board;
  - b) charges for services provided by the Ministry of Revenue and Government Services be levied to customer ministries on a full-cost basis;
  - c) ministries be allowed to obtain services within or outside the Government;
  - d) some of the common services need not be centralized under the Ministry of Revenue and Government Services but could be delegated to units within ministries that have specialized expertise.
- 8.12 The Management Board consist of a full-time Chairman, at least one Minister from each policy field, the Minister of Finance and Intergovernmental Affairs, and the Minister of Revenue and Government Services.
- 8.13 The Chairman of the Civil Service Commission report to the Chairman of the Management Board.
- 8.14 The Department of the Civil Service cease to exist and that its staff become the staff of the Civil Service Commission.
- 8.15 The Chairman of the Civil Service Commission cease to be known as the deputy minister of the Department of the Civil Service, but that he continue to have deputy minister status.

- 8.16 One or more Commissioners with personnel expertise be appointed to the Civil Service Commission from outside the Public Service.
- 8.17 The Civil Service Commission continue to provide advice on personnel policy to the Management Board and personnel services to ministries. Ministries be allowed to provide such personnel services as recruiting and staff training for themselves or be given the option of purchasing such services either from the Civil Service Commission or from outside Government.
- 8.18 The decision to leave the central supply of personnel services within the Government with the Civil Service Commission be reviewed by the Management Board within 5 years, with the object of transferring some of those services to the Ministry of Revenue and Government Services.
- 8.19 The Management Board restrict itself to control functions and that all service functions, except those affecting personnel, be transferred to the Ministry of Revenue and Government Services.
- 8.20 A small secretariat be established for each policy field to provide the Policy Minister with analytical and administrative support. These appointments should be for a specific, renewable term (2 to 5 years). The search for suitable candidates should not be restricted to the Public Service.
- 8.21 A Secretary with the status of a deputy minister be appointed to head each policy field secretariat. These appointments, that of the Deputy Minister of Finance and Intergovernmental Affairs, the Secretary to the Management Board, the Secretary to the Cabinet, and the Deputy Minister of the Department of the Prime Minister should be for a specific, renewable term (2 to 5 years). The search for suitable candidates should not be restricted to the Public Service.
- 8.22 An advisory and support group for the Policy and Priorities Board be formed, made up of the three policy field Secretaries, the Deputy Minister of Finance and Intergovernmental Affairs, the Deputy Minister of the Department of the Prime Minister, the Secretary to the Management Board, and the Secretary to the Cabinet, who would act as Chairman.
- 8.23 The Secretary to the Cabinet provide a committee secretary to the Policy and Priorities Board and each of the other



committees of Cabinet, except the Management Board, to assist in the preparation of agenda and minutes, in order to ensure consistency of format and coordination of information flow.

*(Interim Report No. Four was a progress report without recommendations.)*

## **Interim Report Number Five**

*The C.O.G.P. recommended that:*

### **9. AUTOMATIC DATA PROCESSING**

- 9.1 The Management Board of Cabinet be responsible for establishing the broad guidelines within which A.D.P. is used in the Government; and that all existing service functions now performed by the Management Board be transferred elsewhere.
- 9.2 A small number of senior personnel in the Management Board coordinate, control and evaluate A.D.P. services provided to ministries.
- 9.3 The systems and programming function be organizationally separated from the computer services function.
- 9.4 Competition for government business be encouraged between government and commercial computer centres.
- 9.5 A computer services agency be established within a Ministry of Revenue and Government Services to manage all computer facilities in the Ontario Government.
- 9.6 Commercial systems and programming firms be allowed to compete with the government systems and programming service for government business.
- 9.7 a) Most systems and programming personnel in the Ontario Government be managed centrally by a systems and programming agency located in the Ministry of Revenue and Government Services.
- b) Where a ministry can demonstrate, to the satisfaction of the Management Board, that it has a continuous need for a small number of highly specialized analysts and programmers, the ministry be permitted to retain these specialists in its own organization. This special ministerial need should be reviewed annually by the Management Board.

- 9.8 One or more systems coordinators be appointed in each ministry as an integral part of its management and with responsibility for advising on all aspects of the use of A.D.P. and for procuring all A.D.P. services.
- 9.9 Implementation of the recommendations in this report be completed before December 31, 1974.

### Interim Report Number Six

*The C.O.G.P. recommended that:*

## 7. UTILIZATION OF HUMAN RESOURCES

*(The present broken numerical sequence of the recommendations is provisional.)*

- 7.1 See under Interim Report Number Two.
- 7.2 A goal setting and performance review system based on output be developed for individual jobs.
- 7.3 Managers receive training to upgrade their general skills and to familiarize them with personnel management practices.
- 7.4 An effective and comprehensive system of manpower planning be devised which coordinates the actions of the Premier, the Ministers and/or their ministry designees and the Management Board.
- 7.5 Selection standards emphasize the output aspect of a particular job rather than formal qualifications, while not underrating their basic importance.
- 7.6 Where possible, at least three eligible candidates be identified for each vacant position through appropriate publicity and progressive search of related manpower inventories in the Public Service; and that the search be extended outside the Public Service, if this is desirable.
- 7.7 New entrants into the Public Service be permitted to purchase pension credits.
- 7.8 Decisions on training and development be made the responsibility of program managers, the costs of training being allocated to the program.
- 7.9 More opportunities for on-the-job training be provided.

- 7.10 Ways be provided in which an employee can assist in planning his own career.
- 7.11 The present system of centralized control of classification be converted to one under which standards would be approved by the Management Board to assure Service-wide uniformity, and by which the responsibility for applying classification standards would be delegated to each ministry.
- 7.12 Classification specialists available in the Public Service be reassigned as needed in the ministries to apply classification standards.
- 7.13 A simplified classification system be developed, based on broadbanding.
- 7.14 Pay research be undertaken for key benchmark jobs which is directed to a comparison of outputs, rather than a comparison of common elements, such as duties, qualifications or experience.
- 7.15 An effective Service-wide master classification system be developed which relates all positions on a job comparison basis and employs a single salary structure.
- 7.16 An effective merit pay system be introduced based on performance review.
- 7.17 The impact of province-wide pay rates be assessed.
- 7.18 A comprehensive and equitable sick leave plan be developed to give income protection based on need.
- 7.19 The system of giving attendance credits be discontinued when a sick leave plan based on need has been introduced.
- 7.20 A review of insurance plans related to life and health be undertaken.
- 7.21 An adequate information program for employees be developed by the Management Board to publicize the conditions under which leaves of absence may be granted.
- 7.22 The pension plan permit early retirement, based on equitable formulae, for senior public servants at the initiative either of the Government or of the employee.

- 7.23 A pension plan be designed which offers increased protection against inflation.
- 7.24 The Management Board be responsible for the approval of benefits policy.
- 7.25 The program manager, assisted by the Civil Service Commission and the Ministry of Government Services in a service capacity, have prime responsibility for keeping the employee informed about benefits.
- 7.26 The Ministry of Government Services handle the actuarial design, collection of contributions, and payments under the benefits plans; and that it deal also with financial aspects of post-retirement counselling.
- 7.27 The Ministry of Treasury, Economics and Intergovernmental Affairs manage the contributions to benefits; and that the same Ministry, with the assistance of officers from the Ministry of Government Services, have responsibility for policies and standards governing benefit accounting systems.
- 7.28 An effective post-audit system be established by the Civil Service Commission to ensure that ministerial personnel procedures are consistent with policies and guidelines approved by the Management Board.
- 7.29 The Civil Service Commission appoint a limited number of specialists highly skilled in staff relations, to assist in planning and to provide support for the development of policy and long-range goals.
- 7.30 The alternatives of make or buy be considered in the delivery of personnel services.
- 7.31 An expanded counselling service be developed, in which basic responsibility for counselling resides with the program manager, supported by the ministerial personnel officer; and that professionally qualified central coordinating staff should also be available to recommend referral to community counselling services, if required.
- 7.32 The personnel management guidelines emphasize to the manager the need for adequate training and careful counselling before initiating transfer, demotion, or the ultimate step of dismissal.



- 7.33 Hours of work in the Public Service be arranged which best serve the convenience of the public and the attainment of job goals, but which will accommodate employee preferences where possible.
- 7.34 Upgrading of inferior facilities be continued.
- 7.35 The cost of improvements to physical working conditions be charged to programs.
- 7.36 For cases where a public servant is moved at the request of the employer, a policy be developed to protect the employee against unreasonable expenses and against having to sell his home at less than fair market value.

## Interim Report Number Seven

*The C.O.G.P. recommended that:*

### 10. COMMUNICATIONS AND INFORMATION SERVICES

- 10.1 Cabinet develop and make public a government communications policy and support the development of the guidelines necessary to give effect to this policy.
- 10.2 All program managers be responsible and accountable for the communications components of their programs within the context of the Planning, Programming, Budgeting System.
- 10.3 In conjunction with the Management Policy Branch of the Management Board Secretariat, each ministry review its current information programs and structure and assess the need for a communications planning capability, and separation of this function from the Information Service unit.
- 10.4 Each policy field secretariat appoint, for a limited term, a senior communications advisor with responsibilities to prepare communications plans for the secretariat, and help coordinate communications activities within the policy field.
- 10.5 The Ministry of Treasury, Economics and Intergovernmental Affairs appoint for a limited term, a senior communications advisor with responsibility to recommend communications plans for its major programs.

- 10.6 In conjunction with the Management Policy Branch of the Management Board Secretariat, each deputy minister be responsible for development and implementation of a program to improve internal ministry communications.
- 10.7 The Policy and Priorities Board of Cabinet and the policy field committees be responsible for improving interministerial communications and for coordination of government news releases to the news media and the public.
- 10.8 Ministries require that communications expenditures be budgeted on the P.P.B. system and in submissions to Management Board, communications sub-program budgets be isolated and identified when expenditure is over \$25,000.
- 10.9 Communications expenditures be identified and accounted for as distinct costs.
- 10.10 Ministries require that requests for all program-associated communications budgets over \$25,000 should be supported by statements of goals and objectives which lend themselves to measurement; and that major communications projects over \$100,000 should be supported by appropriate pre- and/or post- effectiveness analysis, and report of this analysis be available to Management Board.
- 10.11 A media purchase inventory function be established in the Ministry of Government Services; and advertising space and time purchasing orders be standardized throughout the Government with the client heading reading 'Province of Ontario', a sub-heading identifying the ministry, and provision for indicating discount rates.
- 10.12 Management Board acquire the necessary expertise and advice to assure that ministry communications plans submitted for review can be assessed for expense identification and presence of adequate cost/benefit analysis and consideration of alternatives.
- 10.13 A province-wide or regional no-charge telephone service be explored and tested on an experimental basis by the Citizens' Inquiry Branch.
- 10.14 The Community Information Centre program of the Ministry of Community and Social Services become a Branch of that ministry headed by a director.

- 10.15** The Community Information Centre Branch study and test new approaches to the information centre concept.
- 10.16** The Management Board be responsible for identifying the most appropriate way to evaluate and coordinate all ministry field information programs and complementary private sector programs.
- 10.17** The Director of the Citizens' Inquiry Branch be responsible for conducting tests to identify, tabulate and analyze information on citizen interests and concerns received via the telephone inquiry service and from community information centres now operating, with the objective of determining whether these systems can provide to Government useful indications of citizen concerns and attitudes.
- 10.18** Program Managers within Government define their need for communications planning, training and development, and Ministers and deputy ministers encourage such effort by tuition-fee coverages, leaves of absence, seminar sponsorship or other measures.
- 10.19** The Civil Service Commission obtain, from among other sources, the assistance of the Information Officers Forum to determine ways and means of providing more training and development for information personnel, particularly in newer media techniques, and that the Government support such programs.
- 10.20** The Civil Service Commission and ministries consider communications as a key function in government, and communications training and experience as useful for top administrators, and as a potential base for program management.
- 10.21** a) The Office of Queen's Printer and Publisher be revised to the Printing Services Branch and be located within the Ministry of Government Services.
- b) The designation 'Queen's Printer' be vested with the Deputy Minister of the Ministry of Government Services to control imprint and title and to secure legal Crown copyright on all legislative and other material printed by Government.
- 10.22** The Government Duplicating Service be assigned to the

Printing Services Branch and its operating policies be developed by the Printing Services Branch for the approval of the Management Board.

- 10.23 Responsibility for developing guidelines and procedures for the production and distribution of legislative printing be vested with the Printing Services Branch for approval of Management Board.
- 10.24 The Printing Services Branch operate a Resource Centre responsible for:
- a) continuous cataloguing of all government publications and audio-visual materials;
  - b) the provision of a standard system of inventory management to provide perpetual inventory records;
  - c) a supportive warehousing and distribution system;
  - d) establishing an effective order-fulfillment system and depository service.
- 10.25 It be mandatory for all ministries, boards, agencies and commissions to provide the Resource Centre with prior notification of intent to publish.
- 10.26 The Government Bookstore facility be operated by the Resource Centre of the Printing Services Branch, and the need and desirability of expansion of the Bookstore or some other, wider distribution method for Government resource materials be examined.
- 10.27 Information services as allocated in the new structure of government, and contained in 1972-73 programs, continue to function for the remainder of the Fiscal Year, and policy fields and ministries complete reviews and introduce new organization and planning changes in Fiscal 1973-74 plans.
- 10.28 Advice and assistance on implementation be provided to Management Board, policy fields and ministries by use of a small, expert implementation team of communications experts from the Public Service and/or contracted from the private sector.



## Interim Report Number Eight

*The C.O.G.P. recommended that:*

### 11. REAL PROPERTY MANAGEMENT

- 11.1 The Policy and Priorities Board of Cabinet continue to be responsible for recommending overall land-use policy to Cabinet in the form of urban and regional development plans.
- 11.2 Decisions on all land-use policy matters brought before the Policy and Priorities Board be from among alternatives recommended by one or more Ministers.
- 11.3 The responsibility for managing the real property resources used in a program rest with the program managers, within the budget estimates, policy guidelines and standards approved by the Management Board.
- 11.4 The responsibility for the Government's capital construction, repair and renovation program continue to rest with the Ministry of Government Services, within the budget estimates, policy guidelines and standards approved by the Management Board.
- 11.5 As part of its review of the budget for each program, the Management Board examine, in such detail as it considers necessary, the estimates of capital expenditure, costs of rentals and other real property requirements, and operating costs of accommodation necessary to support the program.
- 11.6 The Management Board establish an internal financial accounting system designed to allocate to program managers the cost of utilization of their real property resources in relationship to the cost of their program, thereby presenting the managers with an incentive to make responsible decisions on the requirements for, and provision and use of, their resources.
- 11.7 The Management Board develop a procedural policy to enable monies required for the rental and maintenance of the real property resources required by each program to be provided in the annual budget of the program, by legislative or other authority.
- 11.8 Programs be charged a rental for real property accommodation

resources they use, based on the total rental costs the Government pays for properties it leases; or, where the Government is the owner, a rental rate based on comparable facilities; or, for institutional buildings which have no open-market value, a rental rate based on an amortization of cost formula; or, where present day costs are not determinable, a rental rate based on the calculated value of government occupancy.

- 11.9 The Ministry of Government Services provide or acquire all common real property services required by Government programs on request by, and to the satisfaction of, program managers, except where the Management Board sanctions an exception based on specialized expertise.
- 11.10 When ministries or agencies undertake major programs requiring real property services on an extended but not permanent basis, staff be assigned from the Ministry of Government Services to work exclusively on these programs.
- 11.11 The Ministry of Government Services set its charges for real property services on the basis of private sector fees, where comparison of the service can be made, and upon internally developed standard fees where no commercial fee benchmarks exist. The schedule of charges should be subject to the approval of the Management Board.
- 11.12 Property services from sources outside the Government be obtained for the program manager by the Ministry of Government Services except for services provided by units of specialized expertise which have been sanctioned by the Management Board.
- 11.13 The Ministry of Government Services be responsible for deciding whether it can provide the service with its own staff, or whether it must go to an outside source.
- 11.14 In instances where the program managers and the Ministry of Government Services disagree on the quality or cost of the property service, the matter be referred to the Management Board.
- 11.15 Substantially all cleaning, maintenance and repair service for general purpose buildings be contracted gradually to sources outside the Government.

- 11.16 Standard specifications for cleaning and maintenance be developed to guide contractors bidding on contracts and to permit evaluation of performance.
- 11.17 A government-wide centralized inventory of owned and leased real property assets be developed by the Ministry of Government Services, for the broad use of ministries and agencies. The inventory should be based on the assessment records of the Ministry of Revenue.
- 11.18 The Province's financial statement contain a footnote recording the assessed value of all government-owned property contained in the central inventory. Notation should also be made of the annual cost of leased property and of the major types of property not recorded in the inventory.
- 11.19 The Ministry of Government Services compile and distribute a directory of land management files to program managers responsible for land-use planning.
- 11.20 The Ministry of Government Services and the programs which support the buildings of residential accommodation through grants be encouraged by the Management Board to use the services of the Ontario Housing Corporation as consultant or construction manager.
- 11.21 Decentralization should take place in the management of O.H.C. rental units to increase local participation, to create local responsibility in tenant selection and relations, and to relieve O.H.C. of the burden of direct management.

## Report Number Nine

*The C.O.G.P. recommends that:*

## 12. AGENCIES

- 12.1 The Government of Ontario continue to use and establish agencies to achieve the special advantages which result from this organizational concept.
- 12.2 All agencies report to the Legislature through a Minister.
- 12.3 The Management Board re-evaluate the need for each and all of the existing government agencies.

- 12.4 The existing title of each agency within the compass of this enquiry be reviewed, with the object of ensuring that the title will henceforth reflect the real principal function of the agency concerned.
- 12.5 Advisory agencies be designated as *advisory committees*.
- 12.6 Members of advisory committees be appointed for one-year renewable terms, the choice to be primarily in the hands of the Minister to whom the committee in question reports.
- 12.7 Frequent turnover in membership be encouraged.
- 12.8 Judicial agencies be designated as *tribunals*.
- 12.9 Members of tribunals be appointed by the Lieutenant Governor in Council to serve during good behaviour; that they be subject to the same conditions for removal as Provincial Judges; and that they hold office until retirement at the age of 65 years.
- 12.10 Each tribunal report to the Minister responsible for the administration of the Act by which it is constituted.
- 12.11 Administrative tribunals be designated as *commissions*.
- 12.12 Commissions report to the Minister responsible for the administration of the Act by which they are constituted.
- 12.13 Regular turnover of members be encouraged.
- 12.14 Clear policy guidelines for commissions be publicized.
- 12.15 Members be appointed by the Lieutenant Governor in Council.
- 12.16 Government commercial ventures be organized in the corporate form.
- 12.17 That, for ease of recognition, such commercial agencies be called *corporations*.
- 12.18 An efficiency audit, conducted by the Management Board, be applied at regular intervals to the commercial activities of the Government.
- 12.19 Existing commercial activities of the Government be examined



for the purpose of ascertaining whether they might be more efficiently provided by the private sector.

- 12.20 The two subgroups of non-commercial agencies described in this report be designated respectively as *institutes* and *foundations*.
- 12.21 Appointments to commercial and non-commercial agencies be made by the Lieutenant Governor in Council.
- 12.22 Members of boards of directors of commercial and non-commercial agencies serve for limited terms only; and that a proportion of these members be retired annually.
- 12.23 Government commercial services or products be priced at their true costs; and that non-commercial activities be subsidized.
- 12.24 The Government clearly establish and publicize policies for government enterprises to follow; that, within such policies, boards of directors be given as much freedom as possible to concentrate on economic performance; and that the Government's powers over such enterprises include:
  - a) the appointment and removal of members of the boards of directors;
  - b) the approval of all by-laws issued by the boards;
  - c) authorization of all expenditures and commitments in excess of a fixed maximum.
- 12.25 Where outside auditors are appointed by government enterprises, the auditors report to the Provincial Auditor as well as to the enterprise by which they are hired.
- 12.26 Wherever possible, the Government assign only one function to any one agency.
- 12.27 Those responsible for implementing the government reorganization review all agencies which perform more than one function, with the object of determining whether it is practical and more efficient to separate or regroup these functions.
- 12.28 Any agency with mixed functions be classified according to its predominant activity.

*The C.O.G.P. recommends that:*

### **13. ASPECTS OF DECISION-MAKING**

- 13.1 For the purpose of the preparation of annual estimates, the Policy and Priorities Board continue to set priorities and targets based on a review of the multi-year forecasts;  
that the Management Board provide any needed additional guidelines to ensure compliance with policies and targets set by the Policy and Priorities Board; and  
that ministries, when submitting their estimates, offer supporting information to justify their proposals.
- 13.2 Ministry objectives be stated consistently in operational terms so they can guide decision-making; and  
that whenever an objective has to be clarified or modified during a decision-making exercise, this be formally noted so that the new objective can be incorporated in future decisions.
- 13.3 The annual estimates presented to the Management Board include statements of measurable output and measurements of effectiveness, where applicable and agreed upon by the respective ministries; and  
that ministries be audited for performance as well as for expenditures.
- 13.4 The role of P.P.B.S. coordinators be primarily focused on motivating and assisting ministry managers in applying the P.P.B.S. management philosophy; and  
that such coordinators report at the highest practicable ministry level, preferably to the deputy minister.
- 13.5 Ministers and Public Service managers receive more practical education of high quality in the P.P.B.S. managerial philosophy and its application.
- 13.6 Wherever possible and practicable, support services provided on a government-wide basis and within a ministry be funded by the programs they serve and be included in the multi-year and annual estimates.

*The C.O.G.P. recommends that:*

### **14. MANAGEMENT INFORMATION SYSTEMS**

- 14.1 To reduce duplication of effort among ministries, a common

information system be developed for the use of ministry program managers and central management agencies; and

that this information system be compatible with the principles of P.P.B.S., laying stress on output.

- 14.2 A task force be organized with a clear and strong mandate, together with the requisite responsibility, authority and financial resources, to design and develop a common information system for the Government of Ontario;  
  
that a single organizational unit, with the required responsibility, authority and financial resources, be charged with the task of operating, modifying and maintaining the proposed system on behalf of the ministry managements and the central management agencies; and  
  
that the unit be located in the Ministry of Treasury, Economics and Intergovernmental Affairs to ensure that common needs across the Government are met effectively, as well as those of individual ministries.
- 14.3 An advisory committee be formed, consisting of ministry program managers and central management officers, to make certain that their joint information requirements are met by the common information system.
- 14.4 The accounting principles intended to form the basis of the common information system be defined before the new system is devised;  
  
that both ministry program management and the central management agencies be involved in this process; and  
  
that these accounting principles be applied to support the achievement of full costing of programs.
- 14.5 The present common object code be thoroughly reviewed by the task force and, if necessary, modified, or a new code or codes developed, to provide for the information requirements of the central management agencies as well as ministry management.
- 14.6 Managers be encouraged to use mathematical techniques to test the consequences of ministerial and interministerial decisions.

*The C.O.G.P. recommends that:*

**15. SYSTEMS AND PROCEDURES  
AS AN ELEMENT OF MANAGEMENT SCIENCE**

- 15.1** The Management Board coordinate the activities of management science groups established in the ministries.
- 15.2** A small group in the Management Board be designated to:
  - a) coordinate management science activities in the ministries;
  - b) undertake investigative studies and implementation projects required by the Board; and
  - c) coordinate the development of an education program in management science techniques and their application.
- 15.3** The Management Committee, or another appropriate committee in each ministry and agency, be responsible for ensuring that the systems approach to problems be made an integral part of plans devised to meet the program objectives of the ministry or agency.
- 15.4** The committee, as the senior management committee of the ministry concerned, whatever its title, take steps to:
  - a) provide a means of communication among branches on common systems problems and ideas;
  - b) set priorities for the systems and procedures projects of the branches within the ministry;
  - c) take care that resources supplied for projects are sufficient to meet the goals.
- 15.5** The A.D.P. systems coordinators, proposed in Interim Report Number Five, also be given responsibility for advising on all aspects of the use of non-mechanized systems and for processing all systems and procedures services.
- 15.6** Before projects are started, users establish written terms of reference for systems and procedures groups; that these embody elements found in sections 2.01, 3.01, 3.04, 3.05 and 3.06 of Chapter V—C of the *Manual of Administration* relating to the employment of outside consultants; and  
that such terms of reference be used for both internal and external systems and procedures groups.



- 15.7 As part of their career development, managers and potential managers who are interested and willing be seconded to systems and procedures groups for a period of six to twelve months.
- 15.8 Systems and procedures groups be integrated with A.D.P. systems groups in the Ministry of Government Services, except where separate groups are sanctioned by the Management Board.
- 15.9 Management Board establish its own group of systems analysts to undertake the studies it requires and not charge ministries for studies it initiates; and  
that such studies be treated as distinct from those carried out by the Ministry of Government Services at the request of ministries.
- 15.10 Systems and procedures courses now made available by the Government be re-evaluated and funds provided for their improvement.
- 15.11 Systems and procedures personnel be seconded to line positions or operating organizations at intervals of three to four years throughout their careers.
- 15.12 Management Board establish methods of coordinating all systems and procedures projects in order to eliminate wasteful duplication.
- 15.13 Projects be undertaken by teams combining user and systems staff.
- 15.14 Wherever practicable, a member of the user organization be the project leader and therefore accountable for the direction and success of the project initiated by the user.
- 15.15 The costs of systems and procedures work be charged to the organization for which the task is performed.
- 15.16 Before initiating a systems and procedures project, the ministry concerned conduct a feasibility study.
- 15.17 A study of project controls, including time and cost reporting, be established for all systems and procedures projects.
- 15.18 Reviews of completed projects be undertaken to assess their effectiveness.

- 15.19 Work measurement be carried out in areas of the Government where large numbers of people perform routine clerical work.
- 15.20 A Records Management Committee be established in each ministry to support the Records Officer in administering the records management program.
- 15.21 The Records Officer of a ministry be responsible for all aspects of records management, including forms control and micro-recording applications, as stated in Regulation 179/70; that he devote his full time to records management and be placed in the administration division.
- 15.22 In relation to the job specifications for the Records Officer series, it be recognized that such officers require technical skills distinct from those of systems and procedures officers, and that supervision of personnel is needed.

*The C.O.G.P. recommends that:*

## 16. STATISTICS: A FUTURE SOCIAL BAROMETER

- 16.1 New legislation be enacted to replace the present Ontario Statistics Act and that the new Act include clauses containing the following specific provisions:
  - a) the formation of an Ontario Statistical Bureau, with authority to collect statistical information;
  - b) standards of confidentiality which are at least as strict as those applying under the Statistics Act of Canada;
  - c) officers of the Ontario Statistical Bureau to be subject to penalties for violating confidence which would be substantially the same as those provided under Section 16 of the Statistics Act of Canada.
- 16.2 The Ontario Statistical Bureau have sole responsibility for conducting all government censuses and the authority to perform and control the gathering of government statistics.
- 16.3 The proposed Ontario Statistical Bureau be organized to perform the following functions for the Government:
  - a) provide sufficiently accurate, suitable and objective data for the economic policy and planning functions;
  - b) direct and coordinate statistical activity;

- c) control all survey activities and conduct censuses;
- d) contribute statistical skill of high calibre, including the capability to apply mathematical techniques to the analysis of economic problems;
- e) protect the confidentiality of data collected for statistical purposes;
- f) carry out joint studies, and act as liaison, with Statistics Canada;
- g) provide statistical consultation services to ministries;
- h) undertake research in statistical methods to improve the ability of the Government to attack problems not responsive to standard procedures;
- i) establish statistical standards and definitions;
- j) maintain an index to the major statistical files in the Government;
- k) act as a focal point for the exchange of data and for statistical activity within the Government.

**16.4** A coordinator be appointed by each ministry to maintain liaison with the proposed Ontario Statistical Bureau.

**16.5** The proposed Ontario Statistical Bureau be located in the Ministry of Treasury, Economics and Intergovernmental Affairs as the sole organized statistical agency in the Government; and  
that the existing authority empowering ministries to gather statistics independently be rescinded.

**16.6** The proposed Ontario Statistical Bureau be placed under the direction of a person chosen primarily for skill in management and communication;  
that the person appointed possess a good knowledge of statistics; and  
that all senior management positions in the Bureau be open to competition.

*The C.O.G.P. recommends that:*

**17. INTERCHANGE OF PERSONNEL  
BETWEEN THE PUBLIC AND PRIVATE SECTORS**

- 17.1** A program for the interchange of personnel between the public and private sectors be devised and administered by the Management Board as a means to develop managers in both sectors, and to promote among all concerned a better understanding of operations on both sides.



## APPENDICES





## APPENDIX 1

## EXECUTIVE COUNCIL OFFICE

OC-4689/69

Copy of an Order-in-Council approved by His Honour the Lieutenant Governor, dated the 23rd of December, A.D. 1969.

Upon the recommendation of the Honourable the Treasurer of Ontario and Minister of Economics, the Committee of Council advise that a special Committee, consisting of the following persons:

J. B. Cronyn	Chairman
G.H.U. Bayly	Member
C.E. Brannan	Member
A.R. Dick, Q.C.	Member
C.C. Hay	Member
G.R. Heffernan	Member
H.I. Macdonald	Member
A. Powis	Member
J.K. Reynolds	Member
R.D. Wolfe	Member

be appointed to inquire into all matters pertaining to the management of the Government of Ontario and to make such recommendations as in its opinion will improve the efficiency and the effectiveness of the Government of Ontario.

The Committee further advise that this inquiry to be known as the Productivity Improvement Project, not extend to the institution of the Legislative Assembly of Ontario.

And the Committee further advise that the Committee be authorized to adopt such procedures and methods as it from time to time deems expedient for the proper conduct of the inquiry and to engage the services of such counsel, staff, and technical advisers as it may require at rates of remuneration and reimbursement to be approved by Treasury Board.

Certified

Clerk Executive Council.

## GLOSSARY

*Definitions used here are phrased to reflect the intent of ideas discussed in this report.*

**Accountability** In the context of productivity, an arrangement by which an employee, manager or unit is held responsible for the achievement of a particular goal, objective, program or level of performance.

**Accounting, Accrual** An accounting method in which income is taken into the accounts in the period when the sales are made, while expenses are recorded when incurred, without regard to the time when cash is actually received or paid.

**Accounting, Commitment** Form of accounting in which entries are made in the books when the goods are ordered, rather than when they are received.

**Accounting, Depreciation** A system of accounting that is concerned with distributing the cost of an asset, less salvage value, over the useful life of the asset.

**Accounting, Project Cost** Practice in which the elements of cost are grouped under projects, rather than in a general list of standard accounting objects.

**Administration unit** New organizational units in the ministry system which replace those of the former departmental structure.

**Advisory Committee** Under the recommended system of nomenclature, this would be the designation of agencies in the advisory group. Defined as providing advice to Ministers and/or ministry officials.

**Agency** Proposed generic name to be given to organizations which, in direct or indirect association with ministries but without being built into the ministry system, serve the Government of Ontario in various capacities. To qualify as government agencies, they would have to meet criteria specified in this report.

**Agency, Advisory Tribunal** Three broad, basic groupings into which, for convenience, government agencies are subdivided according to nature and function. Tribunals would be further divided into administrative and judicial tribunals; operational agencies into commercial and non-commercial.

**Central management agencies** Supporting organizations of the Cabinet by which all policy-making and implementation activity throughout the Government is coordinated before being considered at the highest level. The bodies concerned are the Policy and Priorities Board, the Policy Field committees and the Management Board, which operate in close conjunction with the Cabinet Secretariat and the other specialized Cabinet committees.



**Commission** Another new designation, that of an administrative tribunal, which adjudicates rights by application of government policy.

**Common Object Business Information System (COBIS)** Automated system designed to prevent duplication of systems development in ministries. It standardizes accounting codes and controls in use, integrating these with legislative and executive controls.

**Consolidated Revenue Fund** The aggregate of all public monies on deposit at the credit of the Treasurer of Ontario.

**Corporation** Recommended designation for a government agency whose activities closely resemble those of a commercial corporation in the private sector.

**Feedback system** In relation to the various processes of decision-making and budgeting, an arrangement which provides for systematic reporting of action taken by employees and users to management in response to instructions, decisions or programs. Apart from the obvious desirability of a constant flow of information back and forth, the process influences decisions in the making, besides adjusting and modifying implementation as necessary.

**Foundation** Recommended designation for a non-commercial operational agency which is funded by private endowment as well as by government monies.

**Interchange of personnel** A procedure for exchanges of personnel on a term basis between government and the various elements of the private sector, to their mutual advantage and to improve all-round understanding of operations on both sides.

**Institute** Recommended designation for a non-commercial operational agency which engages in research.

**Linkage mechanism** A device arising from the increase in issues affecting more than one ministry. With coordination as the overriding goal, such mechanisms would be designed to ease communication among ministries and with organizations outside the Government.

**Management by objectives** A system by which units, organizations or individuals are reviewed according to their quantitative and qualitative contribution to agreed objectives.

**Management information system** A comprehensive design for a flow of pertinent information to and from management which takes account of the goals and operational needs of an organization, including input, output and their evaluation, keeping all these factors in balance.

**Management science** A scientific approach utilizing mathematical techniques to problem-solving for executive management.

**Ministry Concept** Envisages a ministry structure in which the requirements of policy, implementation, priorities, legislation, associated government agencies and relations with other ministries, *inter alia*, are balanced and synthesized.

**Ministry Office** Within the ministry concept, one of several organizational solutions to the need for a high-level unit to direct and coordinate a ministry's affairs. Simultaneously, it would provide one means of achieving a practicable separation of policy-making and program delivery.

**Objective** A statement of purpose expressed in terms of the specific impact on society of the product or service which a function, program or activity is expected to provide. The objective focuses on the product or the service, *not* on the means for providing them.

**Ontario Statistical Bureau** Recommended central organization to coordinate, direct and control all government statistical activities. Among its enumerated responsibilities would be that of furnishing accurate and objective data for the economic policy and policy planning functions, as well as applying statistical and mathematical skill of a high order to the analysis of economic problems.

**Planning, Programming, Budgeting System** Concisely stated, a management philosophy which breaks down a problem into a logical sequence of steps to a decision, each dealing with a separate issue.

**Post-audit** An audit which is carried out after a transaction is completed.

**Predictive model** A representation having the capability to predict.

**Program** A set of activities designed to achieve specific objectives.

**Program delivery** Process by which a government or ministry program is made available to the public or section of the public for which it is designed.

**Quantitative analysis** Very briefly, an approach to a management problem by constructing a mathematical model through which a mathematical solution is sought.

**Senior Management Committee** Made up of the Minister and high-level managers, this would be another of the possible organizational approaches to the need for a unit to direct and coordinate the affairs of a ministry.

**Simulation model** A simplified representation of a system. Though commonly thought of as a computer representation, it could have many forms. A simulation could be built for purposes of understanding. The hope would be to use it for predicting future behaviour.

**Statistics** Defined by the C.O.G.P. for its own purposes as recorded, assembled, numerical data. Many other definitions exist.

**Statistics Canada** A central statistical agency for Canada which compiles, analyzes and publishes statistical information on all aspects of the national economy and the social conditions of the country.

**Support Secretariat** A third variant among the possible forms of a high-level unit to direct and control the affairs of a ministry.

**Systems and procedures** Definitions abound. A system is usefully described as a grouping of related elements (people, machines and other resources) which work together for the fulfilment of a task. The homely counterpart for an effective procedure is the means whereby the work performed is done economically and well. Considered together, they form an important method available to management.

**Task force** In general, a group or committee, usually of experts or specialists and often interdisciplinary in character, which is formed to analyze, investigate or solve a particular problem.

**Tribunal** As now recommended, the designation for a judicial tribunal, which adjudicates rights by application of government policy.

**A G E N C I E S**  
**(Special Purpose Bodies)**  
**OF THE GOVERNMENT OF ONTARIO**  
**LISTED BY MINISTRY**



**AGRICULTURE AND FOOD**

Agricultural Museum Advisory Board, Ontario  
Agricultural Rehabilitation and Development (ARDA) Directorate  
Agricultural Research Institute of Ontario  
Agricultural Tile Drainage Licence Review Board  
Apple Marketing Commission, Ontario  
Artificial Insemination of Cattle Advisory Committee  
Artificial Insemination of Cattle Licence Review Board  
Auctioneers' Licence Review Board, Provincial  
Centralia College of Agricultural Technology,  
Advisory Committee on Diploma Education  
Cooperative Loans Board of Ontario  
Cream Producers' Marketing Board  
Crop Insurance Arbitration Board  
Crop Insurance Commission  
Dairy Herd Improvement Advisory Committee  
Dead Animal Disposal Licence Review Board  
Egg Producers' Marketing Board, Ontario  
Farm Machinery Board  
Farm Products Marketing Board  
Farm Products Payment Board  
Fertilizer Board, Advisory  
Food Council, Ontario  
Food Terminal Board, Ontario  
Grain Corn Council, Ontario  
Junior Farmer Establishment Loan Corporation, Ontario  
Kemptville College of Agricultural Technology,  
Advisory Committee on Diploma Education  
Licensing and Registration Review Board  
Live Stock Community Sales Licence Review Board  
Live Stock and Live Stock Products Licence Review Board  
Live Stock Inspectors  
Meat Inspection Licence Review Board

Milk Commission of Ontario  
 Milk Marketing Board, Ontario  
 Plant Diseases Licence Review Board  
 Pregnant Mare Urine Licence Review Board  
 Ridgetown College of Agricultural Technology,  
     Advisory Committee on Diploma Education  
 Riding Horse Establishment Licence Review Board  
 Stock Yards Board, Ontario

### **ATTORNEY GENERAL**

Assessment Review Court  
 Criminal Injuries Compensation Board  
 Finance Committee  
 Judicature Act Rules Committee  
 Judicial Council  
 Land Compensation Board  
 Law Reform Commission, Ontario  
 Law Society Council  
 Legal Aid, Advisory Committee on  
 Negotiation, Board of  
 Official Guardian  
 Official Guardian, Deputy  
 Ontario Municipal Board  
 Provincial Courts (Family Division) Rules Committee  
 Public Trustee  
 Public Trustee Advisory Committee  
 Statutory Powers and Procedures Rules Committee

### **COLLEGES AND UNIVERSITIES**

Apprenticeship and Tradesmen's Provincial Advisory Committees  
 Archaeological and Historic Sites Board

Archivist of Ontario  
 Art, Council for the Ontario College of  
 Art Gallery of Ontario  
 Arts, Province of Ontario Council for the  
 Colleges of Applied Arts and Technology,  
 Advisory Committees to Boards of Governors for  
 Colleges of Applied Arts and Technology,  
 Boards of Governors for  
 Colleges of Applied Arts and Technology,  
 Ontario Council of Regents for  
 Defence Training Board  
 Educational Communications Authority, Ontario  
 Elliot Lake Centre for Continuing Education  
 Guelph, University of, Board of Governors  
 Heritage Foundation, Ontario  
 Historical Studies Series, Ontario, Board of Trustees  
 Industrial Training Branch, Advisory Committees  
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 John Graves Simcoe Memorial Foundation  
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 Laurentian University, Board of Governors  
 McMichael Canadian Collection Board of Trustees  
 Ottawa, Université d', Board of Governors  
 Provincial Library Council, Ontario  
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**COMMUNITY AND SOCIAL SERVICES**

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Child Welfare, Director

Child Welfare Review Committee

Day Nurseries, Board of Review

District Welfare Administration Boards

Family Benefits Act, Board of Review

Family Benefits Act, Medical Advisory Board

Geriatric Studies, Minister's Advisory Committee on

Homes for the Aged and Rest Homes, Boards of Management for

Indian Affairs, Advisory Committee on

Soldiers' Aid Commission

Vocational Rehabilitation Services, Medical Advisory Board

Vocational Rehabilitation Services, Minister's Advisory Committee

**CONSUMER AND COMMERCIAL RELATIONS**

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Censors, Board of

Collection Agencies and Mortgage Brokers, Registrar of

Commercial Registration Appeal Tribunal

Deeds and Masters of Titles, Registrars of

Financial Disclosure Advisory Board

Liquor Control Board of Ontario

Liquor Control and Liquor Licence Arbitration Board

Liquor Licence Board of Ontario

Loan and Trust Corporations, Registrar of

Motor Vehicle Accident Claims Settlement Committee

Motor Vehicle Dealers, Registrar of

Operating Engineers, Board of Examiners

Operating Engineers, Board of Review

Paperback and Periodical Distributors, Registrar of

Pension Commission of Ontario



Pyramid Schemes, Registrar of  
 Racing Commission, Ontario  
 Real Estate and Business Brokers, Registrar of  
 Registrar General, Deputy  
 Securities Commission, Ontario  
 Titles, Deputy Director of  
 Titles, Director of  
 Toronto Stock Exchange, Board of Directors

### **CORRECTIONAL SERVICES**

Ottawa-Carleton Citizens' Advisory Committee  
 (Re Regional Detention Centres)  
 Parole, Board of  
 Training Schools Advisory Board  
 Treatment of the Offender, Minister's Advisory Council for

### **EDUCATION**

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 Commissions of Inquiry  
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 Moosonee Education Centre  
 Ontario Institute for Studies in Education  
 School Attendance Counsellor, Provincial  
 Teachers' Superannuation Commission

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 Environmental Hearing Board  
 Farm Pollution Advisory Committee

Hydro-Electric Power Commission of Ontario

Investment Committee

Negotiation, Board of

Pesticides Advisory Committee

Pesticides Licence Review Board

Sulphur Dioxide Committee

## GOVERNMENT SERVICES

Public Service Superannuation Board

## HEALTH

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Alcoholism and Drug Addiction Research Foundation,  
Professional Advisory Board

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Brantford General Hospital, Board of Governors

Cancer Institute, Ontario

Cancer Institute, Ontario, Advisory Medical Board

Cancer Treatment and Research Foundation, Ontario

Cancer Treatment and Research Foundation, Ontario, Advisory Medical Board

Chedoke General and Children's Hospital, Board of Governors

Chiropody Act, Board of Regents

Chiropractic, Board of Directors of

Clarke Institute of Psychiatry

Community Psychiatric Hospitals, Boards of Governors

Dental Personnel Selection Committee

Dental Technicians, Governing Board of

Denture Therapists Licensing Board

Denture Therapists, Registrar of

Doctors Hospital, Board of Governors

Drug Quality and Therapeutics Committee

Drugless Therapy, Board of Directors of  
 Embalmers and Funeral Directors Act,  
 Ontario, Board of Directors under the  
 Greater Niagara General Hospital, Board of Governors  
 Health Facilities Appeal Board  
 Health Insurance, General Manager for  
 Health, Ontario Council of  
 Health Services Appeal Board  
 Health Services Claims Board  
 Health Unit Boards  
 Hospital Appeal Board  
 Hospitals, Boards of Governors of  
 Immunization Procedures, Advisory Committee on  
 Inborn Errors of Metabolism in Children, Advisory Committee  
 Inspectors, Medical and Financial  
 James Bay General Hospital, Board of Governors  
 Kingston General Hospital, Board of Governors  
 Laboratory Review Board  
 Licensing Board of Review  
 Masseurs, Board of Directors of  
 Medical Eligibility Committee  
 Medical Personnel Selection Committee  
 Medical Review Committee  
 Mental Health, Advisory Board  
 Mental Health, Advisory Review Board  
 Mental Health Foundation, Ontario  
 Nursing Homes Review Board  
 Ophthalmic Dispensers, Board of  
 Osteopathy, Board of Directors of  
 Perinatal Mortality Surveillance, Advisory Committee  
 Peterborough Civic Hospital, Board of Governors  
 Physiotherapy, Board of Directors of  
 Professional Services Management Committee  
 Psychiatric Facilities, Review Boards

Psychology, Ontario Board of Examiners in  
 Public Health Nursing, Professional Credentials Committee for  
 Radiological Technicians, Board of  
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 Toronto East General and Orthopaedic Hospital, Board of Governors  
 Toronto General Hospital, Trustees of  
 Toronto Western Hospital, Board of Governors  
 University Hospital, Board of Governors  
 Victoria Hospital, Board of Governors

### INDUSTRY AND TOURISM

Northern Ontario Development Corporation  
 Ontario Development Corporation  
 Ontario Economic Council  
 Ontario Place Corporation  
 Ontario Research Foundation  
 Sheridan Park Corporation  
 Women's Advisory Committee

### LABOUR

Conciliation Boards  
 Construction Industry Review Panel  
 Employment Standards, Boards of Inquiry  
 Hospital Arbitration, Board of  
 Human Rights Code, Ontario, Boards of Inquiry  
 Human Rights Commission, Ontario  
 Industrial Standards Advisory Committee  
 Labour-Management Arbitration Commission, Ontario  
 Labour Relations Board, Ontario  
 Labour Relations, Boards of Arbitration  
 Labour Safety Council  
 Workmen's Compensation Board



## **MANAGEMENT BOARD**

Civil Service Commission  
 Ontario Provincial Police Arbitration Committee  
 Ontario Provincial Police Negotiating Committee  
 Ontario Provincial Police Grievance Board  
 Public Service Arbitration Board  
 Public Service Classification Rating Committee  
 Public Service Grievance Board  
 Public Service Labour Relations Tribunal, Ontario

## **NATURAL RESOURCES**

Algonquin Provincial Park Advisory Committee  
 Bronte Creek Provincial Park Advisory Committee  
 Conservation Authorities  
 Crown Timber, Boards of Examiners  
 Energy Board, Ontario  
 Geographic Names Board, Ontario  
 Huronia Historical Development Council  
 Lake of the Woods Control Board  
 Land Surveyors, Association of Ontario, Board of Examiners  
 Land Surveyors, Council of The Association of Ontario  
 Mining Commissioner  
 Niagara Parks Commission  
 Quetico Provincial Park Advisory Committee  
 Recreational Land Use Planning, District Advisory Committees  
 St. Clair Parkway Commission  
 St. Lawrence Parks Commission  
 Surveyor General

## **OFFICE OF THE PREMIER**

Economic Policy, Ontario Joint Committee on

## REVENUE

Housing Advisory Committee

Local Housing Authorities

Ontario Housing Corporation, Board of Directors

Ontario Student Housing Corporation, Board of Directors

## SOLICITOR GENERAL

Animal Care Review Board

Arbitration, Boards of

Commissioners of Police, Boards of

Coroner

Coroners

Coroners' Council

Coroner, Regional

Fire Marshal

Fire Marshal, Deputy

Fire Marshals, District Deputy

Forensic Sciences, Advisory Committee on

Metropolitan Toronto Board of Commissioners of Police

Niagara Regional Board of Commissioners of Police

Police Arbitration Commission, Ontario

Police Commission, Ontario

Private Investigators and Security Guards, Registrar of

Private Investigators and Security Guards, Deputy Registrar of

Provincial Police Force, Ontario, Commissioner of

Sudbury Regional Board of Commissioners of Police

Waterloo Regional Board of Commissioners of Police

York Regional Board of Commissioners of Police

## TRANSPORTATION AND COMMUNICATIONS

Highway Transport Board, Ontario  
 Licence Suspension Appeal Board  
 Motor Vehicles, Registrar of  
 Motor Vehicles, Deputy Registrar of  
 Northland Transportation Commission, Ontario  
 Telephone Service Commission, Ontario

## TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

Computer Services Board  
 Confederation, Ontario Advisory Committee on  
 Council of the District Municipality of Muskoka, Chairman  
 Council of the Regional Municipality of Sudbury, Chairman  
 Council of the Regional Municipality of Waterloo, Chairman  
 Council of the Regional Municipality of York, Chairman  
 Education Capital Aid Corporation, Ontario  
 Improvement Districts, Board of Trustees for  
 Moosonee Development Area Board  
 Municipal Employees Retirement Board, Ontario  
 Municipal Improvement Corporation, Ontario  
 Universities Capital Aid Corporation, Ontario

## AGENCIES OUTSIDE THE MINISTRY FRAMEWORK

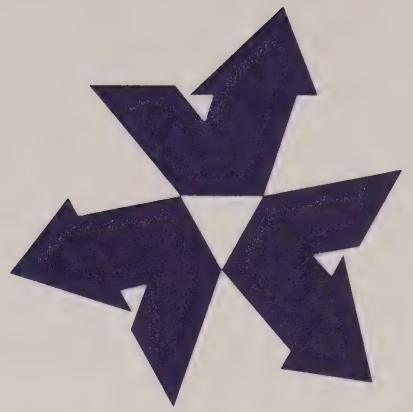
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